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November 10, 2022

Board of Directors  
Meals on Wheels, Inc.  
d/b/a Partners in Nutrition Indiana  
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 prepared by Lemler Group, LLC, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditor's Report*, due to inadequacy of accounting records for the period ending June 30, 2021 Lemler Group, LLC, 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 Qualified Opinion paragraph of the *Independent Auditor's Report* on Page 1 for further detail.

In our opinion, Lemler Group, LLC 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.

Handwritten signature of Tammy R. White in cursive.

Tammy R. White, CPA  
Deputy State Examiner

**Audited Financial Statements**  
With Single Audit Section

**Meals on Wheels of Central Indiana, Inc.**

**June 30, 2021 and 2020**



**LEMLERGROUP**  
certified public accountants



# Meals on Wheels of Central Indiana, Inc.

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Meals on Wheels of Central Indiana, Inc. (MOW), which comprise the statement of financial position as of June 30, 2021, and the statements of activities and changes in net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 MOW'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 MOW'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 qualified audit opinion.

### **Basis for Qualified Opinion**

We were unable to obtain sufficient appropriate audit evidence about the deferred revenue relating to MOW overbilling for Ryan White Program B Grants. Consequently, we were unable to determine whether any adjustments to those amounts were necessary. MOW is in discussions with the oversight agency to determine this amount.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial positions of MOW as of June 30, 2021, and the results of its statements of activities and changes in net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Year Audited Financial Statements**

The financial statements of MOW as of and for the year ended June 30, 2020 were audited by other auditors whose report dated September 28, 2021 expressed a disclaimer of opinion on those statements. Certain detailed records and supporting data was not maintained and were not available for audit. They were 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, they were not able to obtain sufficient appropriate audit evidence about the amounts at June 30, 2020 for accounts receivable (\$539,443) and deferred revenue (\$1,374,739) and for the year ended June 30, 2020 for contributions (\$415,555), contracts (\$3,879,909) and operating expenses (\$5,028,104).

**Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report Issued in Accordance with Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of MOW'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 MOW'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 MOW's internal control over financial reporting and compliance.

Lemler Group, LLC  
Indianapolis, Indiana

December 10, 2021

# Meals on Wheels of Central Indiana, Inc.

## Statements of Financial Position June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 97,608	\$ 516,033
Accounts receivable, net of allowance	77,589	65,053
Grants receivable	347,610	459,609
Contribution receivable	-	14,781
Inventory	6,387	-
Prepaid expenses	9,864	18,551
Total current assets	<u>539,058</u>	<u>1,074,027</u>
<b>Fixed Assets</b>		
Building	1,448,109	1,425,059
Leasehold improvements	9,149	9,149
Office equipment	138,474	137,224
Vehicles	166,990	166,990
Total fixed assets	<u>1,762,722</u>	<u>1,738,422</u>
Accumulated depreciation	<u>(515,233)</u>	<u>(451,280)</u>
Net fixed assets	<u>1,247,489</u>	<u>1,287,142</u>
<b>Long-term assets</b>		
Investments	<u>344,334</u>	<u>464,535</u>
Total long-term assets	<u>344,334</u>	<u>464,535</u>
<b>Total Assets</b>	<u><u>\$ 2,130,881</u></u>	<u><u>\$ 2,825,704</u></u>

# Meals on Wheels of Central Indiana, Inc.

## Statements of Financial Position (continued) June 30, 2021 and 2020

### LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 235,515	\$ 263,254
Accrued payroll and related expenses	13,297	12,455
Accrued compensated absences	37,819	75,895
Deferred revenue	1,303,228	1,374,739
Mortgage payable - current portion	18,641	17,798
Total current liabilities	<u>1,608,500</u>	<u>1,744,141</u>
<b>Long-term liabilities</b>		
Mortgage payable, net of current portion	278,321	296,962
PPP loan	-	309,670
Total long term liabilities	<u>278,321</u>	<u>606,632</u>
Total Liabilities	<u>1,886,821</u>	<u>2,350,773</u>
<b>Net Assets</b>		
Net assets without donor restrictions	244,060	474,931
Total Net Assets	<u>244,060</u>	<u>474,931</u>
Total Liabilities and Net Assets	<u>\$ 2,130,881</u>	<u>\$ 2,825,704</u>

## Meals on Wheels of Central Indiana, Inc.

### Statement of Activities and Changes in Net Assets For the Years Ended June 30, 2021 and 2020

	2021	2020
<b>Operating revenues</b>		
Contributions	\$ 264,781	\$ 415,555
Contracts		
Federal awards	2,944,671	3,551,244
Non-federal awards	707,644	327,151
Special events	16,552	100,252
Rental	51,800	71,231
Interest and dividends	9,949	17,062
Gain (loss) on sale of assets	4,000	-
Other	8,291	27,757
Total operating revenue	4,007,688	4,510,252
<b>Operating expenses</b>		
Program	4,043,425	4,524,279
Management and general	464,898	323,235
Fundraising	132,829	180,590
Total operating expenses	4,641,152	5,028,104
<b>Non-operating revenue (expense)</b>		
PPP loan forgiveness	309,670	-
Gains (losses) on investments	92,923	8,995
Total non-operating revenue (expenses)	402,593	8,995
<b>Net Decrease In Net Assets</b>	(230,871)	(508,857)
<b>Net Assets, Beginning of Year</b>	474,931	983,788
<b>Net Assets, End of Year</b>	\$ 244,060	\$ 474,931

## Meals on Wheels of Central Indiana, Inc.

### Statements of Functional Expenses For the Years Ended June 30, 2021 and 2020

	Program	Management and General	Fundraising	2021 Totals
Expenses				
Salaries	\$ 948,424	\$ 236,352	\$ 67,529	\$ 1,252,305
Retirement plan	8,339	5,307	1,516	15,162
Employee benefits	176,753	37,283	10,652	224,688
Payroll taxes	73,177	19,229	5,494	97,900
Professional service fees				
Legal	35,510	22,597	6,456	64,563
Accounting	73,434	46,731	13,352	133,517
Other	77,753	22,513	6,433	106,699
Advertising	2,173	1,383	395	3,951
Office supplies	33,176	12,795	3,656	49,627
Information technology	25,122	7,612	2,175	34,909
Occupancy	83,461	16,949	4,843	105,253
Travel and transportation	29,561	15,330	4,380	49,271
Conferences and meetings	175	48	14	237
Interest	10,518	1,110	317	11,945
Bad debt	4,781	-	-	4,781
Insurance	27,804	8,996	2,570	39,370
Meals on Wheels	2,383,021	-	-	2,383,021
Depreciation	50,243	10,663	3,047	63,953
Total expenses	<u>\$ 4,043,425</u>	<u>\$ 464,898</u>	<u>\$ 132,829</u>	<u>\$ 4,641,152</u>

	Program	Management and General	Fundraising	2020 Totals
Expenses				
Salaries	\$ 1,315,161	\$ 151,169	\$ 99,299	\$ 1,565,629
Retirement plan	12,090	1,511	992	14,593
Employee benefits	197,457	24,666	16,201	238,324
Payroll taxes	100,129	11,486	7,544	119,159
Professional service fees				
Legal	-	-	-	-
Accounting	36,723	-	-	36,723
Other	-	18,713	4,673	23,386
Advertising	-	-	9,980	9,980
Office supplies	56,252	32,459	23,289	112,000
Information technology	24,431	3,052	2,005	29,488
Occupancy	185,024	19,182	9,715	213,921
Travel and transportation	78,559	37,835	-	116,394
Conferences and meetings	-	1,567	1,568	3,135
Interest	12,856	1,606	1,055	15,517
Bad debt	-	-	-	-
Insurance	9,479	13,843	232	23,554
Meals on Wheels	2,446,928	-	-	2,446,928
Depreciation	49,190	6,146	4,037	59,373
Total expenses	<u>\$ 4,524,279</u>	<u>\$ 323,235</u>	<u>\$ 180,590</u>	<u>\$ 5,028,104</u>

# Meals on Wheels of Central Indiana, Inc.

## Statements of Cash Flows For the Years Ended June 30, 2021 and 2020

	2021	2020
<b>Reconciliation of Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities</b>		
Change in net assets	\$ (230,871)	\$ (508,857)
<b>Adjustments to Reconcile Change in Net Cash Provided By (Used In) Operating Activities</b>		
Depreciation expense	63,953	59,373
PPP Loan forgiveness	(309,670)	-
(Gain) loss on disposal of fixed assets	(4,000)	-
Unrealized (gains) loss on investments	(92,923)	(26,057)
Bad debt expense	4,781	-
Decrease (increase) in accounts receivable	(12,536)	(62,739)
Decrease (increase) in grants receivable	107,218	109,631
Decrease (increase) in contribution receivable	14,781	-
Decrease (increase) in inventory	(6,387)	-
Decrease (increase) in prepaid expenses	8,687	(11,830)
Increase (decrease) in accounts payable	(27,739)	(34,653)
Increase (decrease) in accrued payroll	842	3,722
Increase (decrease) in accrued compensated absences	(38,076)	-
Increase (decrease) in deferred revenue	(71,511)	534,096
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(593,451)</b>	<b>62,686</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets	(24,300)	(60,448)
Proceeds on sale of fixed assets	4,000	-
Redemptions of investments	316,149	79,261
Purchases of investments	(103,025)	(166,095)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>192,824</b>	<b>(147,282)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds on line of credit	-	50,000
Payments on line of credit	-	(50,000)
Payments on note payable	(17,798)	(15,932)
Proceeds on PPP loan	-	309,670
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(17,798)</b>	<b>293,738</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(418,425)</b>	<b>209,142</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>516,033</b>	<b>306,891</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 97,608</b>	<b>\$ 516,033</b>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Cash paid on interest	<b>\$ 11,945</b>	<b>\$ 15,517</b>

# Meals on Wheels of Central Indiana, Inc.

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## Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

### Note 1 – Nature of Activities

#### Background

Meals on Wheels of Central Indiana, Inc. (MOW) was incorporated on November 17, 1970 as a non-profit organization and delivers meal to the homebound and the elderly in Indiana, using predominantly volunteer drivers who donate their time and vehicle.

### Note 2 – Significant Accounting Policies

#### Accounting Method

MOW's financial statements are prepared on the accrual basis of accounting.

#### 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

MOW evaluated subsequent events through December 10, 2021, which is the date the financial statements were available to be issued. This evaluation determined that there are no subsequent events that necessitated further disclosure in and/or adjustments to the accompanying financial statements.

#### Cash and Cash Equivalents

For the purpose of the statements of cash flows, MOW considers all highly liquid instruments with a maturity of three months or less to be considered cash and cash equivalents. The carrying amount of cash approximates fair value due to the type of investments and the maturity dates. There are no cash equivalents.

#### Accounts Receivable

Accounts receivable are stated at the amount MOW's management expects to collect from balances based on services performed. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. At June 30, 2021 and 2020, the allowance for doubtful accounts was \$0 and \$10,000, respectively. During the years ended June 30, 2021 and 2020, bad debt expense was \$4,781 and \$0, respectively.

#### Grants Receivable

Grants receivable are stated at the amount MOW's management expects to collect from governmental agencies as a part of the agreements. MOW has cost reimbursement agreements in which governmental agencies remit payments roughly 30 to 45 days after the reimbursement claim is submitted. No allowance has been established due to subsequent payments.

#### Inventory

MOW's inventory consists of food products and carried at cost value which is determined at the first-in, first out method.

# Meals on Wheels of Central Indiana, Inc.

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## **Note 2 – Significant Accounting Policies (continued)**

### Fixed Assets

MOW's fixed assets are stated at cost and depreciated over estimated useful lives of three to 40 years using the straight-line method. MOW capitalizes items over \$500 that have a useful life of one year or more. Expenditures for additions are capitalized. When fixed assets are sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income.

### Deferred Revenue

MOW's deferred revenue is revenue received for a particular purpose before those services are performed. During the years ended June 30, 2019 and 2020, MOW billed the State of Indiana for the Ryan White contract using a stated rate rather than actual costs. The actual reimbursement amount is unknown at the report date of December 10, 2021. At June 30, 2021 and 2020, MOW's management recalculated the claims during that time period with an estimated amount of deferred revenue of \$1,303,228 and \$1,374,739, respectively.

### Net Assets

The financial statements are prepared in accordance with Financial Statements of Not-for-Profit Organizations. This 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 are classified as either without or with donor restrictions. The following class of net assets and a brief description is as follows:

*Net Assets Without Donor Restrictions* – These amounts are not subject to usage restrictions based on donor-imposed requirements and include general assets and liabilities of MOW. These amounts also include previously restricted assets where restrictions are met or expired. The net assets without donor restrictions may be used freely at the direction of management to support MOW's purpose and operations.

*Net Assets With Donor Restrictions* – These amounts are subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by management's actions. Certain assets may be restricted in perpetuity. When a restriction expires, the amount is reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. MOW has no net assets with donor restrictions at June 30, 2021 and 2020.

### Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of the donor restrictions. Contributions are recorded when the unconditional promise to give is made. MOW reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

### Contracts

MOW provides other food programs for qualified participants which are recorded when services are performed. Contract revenues consist of meals on wheels program for consumers and State of Indiana government contract. State of Indiana contract is a cost-reimbursable agreement, which is conditioned upon certain performance requirements and incurrence of allowable qualifying expenses. Contracts received are recognized as revenue when MOW incurs expenditures in compliance with specific provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

# Meals on Wheels of Central Indiana, Inc.

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## **Note 2 – Significant Accounting Policies (continued)**

### Allocation of Functional Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, personnel and staffing costs are allocated among the programs and supporting services that benefit from those costs based on estimates of time and effort spent on the related activities. Remaining other non-government costs are allocated roughly 90% and 10% to general and administrative and fundraising activities, respectively.

### Advertising Expense

MOW expenses advertising costs as they incur. During the years ended June 30, 2021 and 2020, advertising costs were \$3,951 and \$9,980, respectively.

### Income Taxes

MOW is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is made in the financial statements. MOW is classified as an entity that is not a private foundation within the meaning of Section 509(a).

Generally accepted accounting principles in the United States require MOW to examine its tax positions for uncertain positions. MOW is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. MOW's policy is to recognize penalties and interest as incurred in its statement of activities as a component of operating expenses, and totaled \$0 for the years ended June 30, 2021 and 2020. MOW's federal and state income tax returns are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

### Reclassification

Certain accounts in the 2020 financial statements are reclassified for comparative purposes to conform with the presentation in the 2021 financial statements. Total assets, liabilities, net assets, and changes in net assets are unchanged due to these reclassifications.

## **Note 3 – Investments**

MOW adopted the provisions of Fair Value Measurements (Fair Value) for measurement of investments that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair Value is defined as the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value establishes a 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 measurements involving significant unobservable inputs (Level 3 measurements).

## Meals on Wheels of Central Indiana, Inc.

### Note 3 – Investments (continued)

The three levels of the fair value hierarchy under fair value are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that MOW has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation of other means.

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

The assets or liabilities 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.

MOW has investments with the Central Indiana Community Foundation (CICF). The purpose of CICF is to assist with program needs in the community. MOW can receive a portion of the fair value of the CICF funds as of the end of the previous calendar year in accordance with the spending policies. At June 30, 2021 and 2020, MOW's CICF funds were \$52,786 and \$39,258, respectively.

The amount available for distribution to MOW is 5% of the fair market value plus any carryover spendable amount as of the year end. At June 30, 2021 and 2020, MOW's suggested spendable amount was \$20,121 and \$18,805, respectively. During the years ended June 30, 2021 and 2020, MOW received \$0 and \$0, respectively, of the suggested spendable amount. If these earnings are not taken by MOW, they are reinvested.

Fair value recognized on the statement of financial position on a recurring basis as of June 30, 2021 and 2020 is as follows:

	Fair Value Measurement at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>June 30, 2021</b>				
Money Market Funds	\$ 8,370	\$ 0	\$ 0	\$ 8,370
Mutual Funds	202,408	0	0	202,408
Certificates of Deposits	0	80,771	0	80,771
Beneficial interest in assets held by others	<u>0</u>	<u>0</u>	<u>52,786</u>	<u>52,786</u>
	<u>\$ 210,778</u>	<u>\$ 80,771</u>	<u>\$ 52,786</u>	<u>\$ 344,334</u>
<b>June 30, 2020</b>				
Money Market Funds	\$ 3,510	\$ 0	\$ 0	\$ 3,510
Mutual Funds	222,963	0	0	222,963
Certificates of Deposits	0	198,804	0	198,804
Beneficial interest in assets held by others	<u>0</u>	<u>0</u>	<u>39,258</u>	<u>39,258</u>
	<u>\$ 226,473</u>	<u>\$ 198,804</u>	<u>\$ 39,258</u>	<u>\$ 464,535</u>

# Meals on Wheels of Central Indiana, Inc.

## Note 3 – Investments (continued)

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Beginning balance at July 1 <sup>st</sup>	\$ 39,258	\$39,212
Contributions	0	0
Interest	287	0
Net investment gains (losses)	<u>13,241</u>	<u>46</u>
Ending balance at June 30 <sup>th</sup>	<u>\$ 52,786</u>	<u>\$ 39,258</u>
	<u>2021</u>	<u>2020</u>
Realized gains (losses)	\$ 4,646	\$ 0
Unrealized gains (losses) on investments	9,088	46
Service fees on investments	<u>(493)</u>	<u>0</u>
Net investment gains (losses)	<u>\$ 13,241</u>	<u>\$ 46</u>

## Note 4 – Line of Credit

MOW has a line of credit for \$50,000 with National Bank of Indianapolis. The line of credit matured March 18, 2021 and was not renewed. Interest accrues at the bank's prime rate, not to be below 3.75% per annum or above the maximum rate allowed by applicable law as of June 30, 2021 and 2020. No draws were made on the line of credit during the years ended June 30, 2021 and 2020. Interest expense for the years ended June 30, 2021 and 2020 was \$0.

## Note 5 – Paycheck Protection Program

In April 2020, MOW received funding in the amount of \$309,670, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable within a 24-week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains other designated thresholds. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments until the date that the lender receives the forgiveness amount from the SBA. MOW used the proceeds for purposes consistent with the PPP. MOW accounts for the PPP Funding in accordance with ASC 958-605 *Revenue Recognition for Nonprofit Entities*. Revenue is recognized as eligible expenses and other conditions are substantially met or incurred.

During the year ended June 30, 2021, MOW recognized revenue of \$309,670 as they determined eligible expenses and other conditions were met regarding the funding. At May 3, 2021, MOW received forgiveness notification from SBA.

## Meals on Wheels of Central Indiana, Inc.

### Note 6 – Note Payable

MOW has a loan payable to National Bank of Indianapolis, due in monthly installments of \$2,455, including interest at 3.75% per annum, until March 9, 2029. The loan is secured by MOW's inventory, equipment, and building. The original building loan was \$334,237 in March 2019.

<u>2021</u>	<u>2020</u>
<u>\$ 296,962</u>	<u>\$ 314,760</u>

At June 30, 2020, MOW is in violation of the loan agreement with National Bank of Indianapolis for not providing audited financial statements within 120 days of year end, which was subsequently waived.

Estimated future annual maturities of principal payments are as follows:

2022	\$ 18,641
2023	19,352
2024	20,090
2025	20,857
2026	21,653
Thereafter	<u>196,369</u>
	<u>\$ 296,962</u>

### Note 7 – Retirement Plan

MOW offers a Simple Retirement Plan for those employees that meet the eligibility requirements (over the age of 18, one year of serve and full time). The plan is subject to the provisions of the Employee Retirement Income Security Act. Employees are eligible to make a payroll deduction of a selected percentage or amount not to exceed the Internal Revenue Service limits. MOW contributes 3% to all eligible employees. For the years ended June 30, 2021 and 2020, MOW's contributions amount to \$15,162 and \$14,593, respectively.

### Note 8 – Accounting Service Agreement

MOW entered into an accounting service agreement with Bookkeeping Plus, Inc., an unrelated entity. The service agreement allows a fee for monthly bookkeeping, consulting, and additional services rendered, plus additional office supplies. For the years ended June 30, 2021 and 2020, accounting service expenses amounted to \$73,842 and \$34,472, respectively, and are included in professional fees accounting on the statement of functional expenses.

### Note 9 – Operating Leases

MOW signed a copier lease with a base rate of \$260 per month for 60 months until April 2023. During the year ended June 30, 2021, MOW signed an office equipment lease with a base rate of \$73 per month for 63 months until December 2025. MOW has other month to month leases that can be terminated without notice. For the years ended June 30, 2021 and 2020, lease expense was \$3,777 and \$4,203, respectively, and is included in occupancy expense on the statement of functional expenses. Future minimum lease payments on the equipment lease having non-cancelable terms beyond June 30, 2021 are as follows:

2022	\$ 3,996
2023	1,916
2024	876
2025	876
2026	<u>438</u>
Total	<u>\$ 8,102</u>

# Meals on Wheels of Central Indiana, Inc.

## Note 10 – Liquidity

MOW's liquidity management consists of the following quantitative and qualitative measurements:

Quantitative measurement - MOW's resources available for general use within one year at June 30, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Financial assets (current assets)	\$ 539,058	\$ 1,074,027
Not available within one year (prepaid expenses)	<u>(9,864)</u>	<u>(18,551)</u>
Total financial assets at year end	529,194	1,055,476
Less current obligations (current liabilities)	<u>(1,886,821)</u>	<u>(2,350,773)</u>
Financial assets available for general use within one year	<u>\$ (1,357,627)</u>	<u>\$ (1,295,297)</u>

Qualitative measurement - MOW receives a significant amount of its support through contributions and grants. Because these contributions and grants require resources to be used in a particular manner or in a future period, MOW must maintain sufficient resources to meet those responsibilities to its donors and grantors. Thus, financial assets may not be available for general expenditure within one year. In the course of business, management structures MOW's financial assets to be available as its general expenditures, liabilities, and other obligations come due, and endeavors to maintain cash balances equal to approximately three months of annual operating expenses. Should MOW have operating shortfalls, investments and line of credit are available.

## Note 11 – Concentrations and Commitments

### Concentrations in Credit Risk

MOW maintains cash balances in financial institutions. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The total uninsured balances in these accounts as of June 30, 2021 and 2020 are \$0 and \$598,588, respectively.

### Concentrations in Major Funding Sources

For the years ended June 30, 2021 and 2020, one funding source made up 67% and 79% of total revenue and 80% and 85% of total receivables, respectively.

### Contingencies in Government Awards

Financial awards from federal, state, and local entities are subject to financial and compliance audits. Such audits could result in claims against MOW for disallowed costs or noncompliance with grantor restrictions. No provision is made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

## Note 12 – Coronavirus

In March 2020, the outbreak of COVID-19 (coronavirus) was recognized as a pandemic by the World Health Organization, and the outbreak has become widespread in the United States. The outbreak has had a notable impact on general economic conditions with many unknown effects. MOW continues to monitor the impact of the coronavirus outbreak closely. The extent to which the coronavirus outbreak will impact its operations or financial results is uncertain.

## **Single Audit Section**

## Meals on Wheels of Central Indiana, Inc.

### Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Program Title	Federal CFDA Number	Funds Expended	Subrecipient Payment
U.S. Department of Health and Human Services Pass Thru from Indiana Department of Health HIV Emergency Project Grants (Ryan White HIV/AIDS Program Part A)	93.914	\$ 7,194	\$ 0
HIV Emergency Project Grants (Ryan White HIV/AIDS Program Part B)	93.917	<u>2,932,372</u>	<u>0</u>
		<u>\$ 2,939,566</u>	<u>\$ 0</u>

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal granting activity of Meals on Wheels of Central Indiana, Inc. (MOW) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Note 2 – De Minimis**

MOW elected to not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance for Federal Awards.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Governmental Auditing Standards***

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

We have audited, 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, the financial statements of Meals on Wheels of Central Indiana, Inc. (MOW), which comprise the financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered MOW'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 MOW's internal control. Accordingly, we do not express an opinion on the effectiveness of MOW'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of MOW's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 MOW's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 results of that testing, and not to provide an opinion on the effectiveness of MOW's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MOW's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lemler Group, LLC  
Indianapolis, Indiana

December 10, 2021



## **Independent Auditor's Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by The Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Meals on Wheels of Central Indiana, Inc. (MOW)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of MOW's major federal programs for the year ended June 30, 2021. MOW's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to MOW's federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of MOW's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining evidence on a test basis about MOW's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MOW's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, MOW complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of MOW is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MOW's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MOW's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

#### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lemler Group, LLC  
Indianapolis, Indiana

December 10, 2021

# Meals on Wheels of Central Indiana, Inc.

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

### I. Summary of Independent Accountant's Results

#### Financial Statements

Type of auditor's report issued: Modified

Going concern explanatory paragraph included? Yes    No   X  

Internal control over financial reporting:

- ❖ Material weakness(es) identified? Yes    No   X
- ❖ Significant deficiencies identified? Yes    No   X

Noncompliance material to financial statements noted? Yes    No   X  

#### Federal Awards

Type of auditor's report issued on compliance with major programs: Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Does the auditee qualify as low-risk auditee? Yes    No   X  

Internal control over major programs:

- ❖ Material weakness(es) identified? Yes    No   X
- ❖ Significant deficiencies identified? Yes    No   X

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the *Uniformed Guidance*? Yes    No   X  

Identification of major program(s) tested:

<u>CFDA Number(s)</u>	<u>Name of federal program</u>
93.917	HIV Health Care Formula

### II. Financial Statements Findings

There are no financial statements findings as seen in the schedule of findings and questioned costs.

### III. Federal Award Findings and Questioned Costs

There are no federal award findings as seen in the schedule of findings and questioned costs.

## Meals on Wheels of Central Indiana, Inc.

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### **Schedule of Findings and Questioned Costs (continued) For the Year Ended June 30, 2021**

Our audit disclosed no findings, questioned costs, or recommendations that are required to be reported herein under the *OMB Compliance Supplement* for the year ended June 30, 2021.

# Meals on Wheels of Central Indiana, Inc.

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## Schedule of Prior Year Audit Findings, Questioned Costs, and Recommendations For the Year Ended June 30, 2021

### Financial Statement Findings

#### Finding 2020-001 and 2019-001 Lack of Controls, Oversight and Improper Segregation of Duties Material Weakness Condition:

Condition: Meals on Wheels of Central Indiana, Inc. (MOW) has a lack of board oversight, entity wide controls, control environment and proper activity level controls over multiple functions including contributions, program revenue, disbursements, net assets, credit card, expense report activity and payroll transaction classes including segregation of duties and review/approval over day-to-day transactions.

Status: Resolved. MOW contracted with Bookkeeping Plus, Inc. to develop and implement controls and segregation of duties. MOW and Bookkeeping Plus, Inc. have weekly meetings on financial operations and provide current financial reports to MOW's board of directors.

### Federal Award Findings and Questioned Costs

#### Finding 2020-002 and 2019-002 Client Eligibility Material Weakness:

Condition: MOW did not maintain adequate documentation in client files to support eligibility for meals provided as part of the client's medical nutrition therapy.

Status: Resolved. MOW established the Ryan White Eligibility Client Policy and Process that includes active client monitoring and continued eligibility determination.

#### Finding 2020-003 and 2019-003 Allowable Costs:

Condition: MOW did not maintain adequate documentation to support program expenditures billed to the Indiana State Department of Health. Criteria: 45 CFR part 75, subpart E.

Status: In Process. MOW and Bookkeeping Plus, Inc. revised the process and policies for charging expenses to federal awards. MOW is in discussions with the oversight agency on the prior year unallowed costs. As of the December 10, 2021, no final determination has been established. MOW and the oversight agency are in discussions to remediate these unallowed costs.

# Meals on Wheels of Central Indiana, Inc.

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## Corrective Action Plan

Name of Auditee: Meals on Wheels of Central Indiana, Inc.

Name of audit firm: Lemler Group, LLC

Period covered by the audit: July 01, 2020 - June 30, 2021

**Corrective action prepared by:**

**Name:** Lisa Dillman, Meals on Wheels of Central Indiana, Inc.

**Position:** Board of Directors - President

**Telephone number:** (317) 252-5558

**Email address:** [jjohnson@mealsonwheelsindy.org](mailto:jjohnson@mealsonwheelsindy.org)

Current Finding on Schedule of Findings, Questioned Costs, and Recommendations

The audit disclosed no findings, questioned costs, or recommendations that are required to be reported herein and no corrective action plan is required for the year ended June 30, 2021.

Status of Correction Actions on Findings Reported in Prior Audit Schedule of Findings, Questioned Costs, and Recommendations

See Schedule of Prior Year Audit Findings, Questioned Costs, and Recommendations.

# Meals on Wheels of Central Indiana, Inc.

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## **Schedule of Lead Auditor For the Year Ended June 30, 2021**

Auditor Information: Lemler Group, LLC  
5625 N. Post Road, Suite 104  
Indianapolis, Indiana 46216

Phone Number: (317) 449-0121

Fax Number: (317) 489-4917

Auditor Contact: David W. Lemler, CPA

Auditor Contact Title: Member

Auditor Contact Email: [dlemler@lemlergroup.com](mailto:dlemler@lemlergroup.com)