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AN EQUAL OPPORTUNITY EMPLOYER

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December 6, 2022

Board of Directors
Meals on Wheels, Inc.
d/b/a Partners in Nutrition Indiana
708 E. Michigan Street
Indianapolis, IN 46202

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, 2021 to June 30, 2022. Per the *Independent Auditor's Report*, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Meals on Wheels, Inc. d/b/a Partners in Nutrition Indiana as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

Audited Financial Statements
With Single Audit Section

Meals on Wheels of Central Indiana, Inc.

June 30, 2022 and 2021



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 Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Meals on Wheels of Central Indiana, Inc. (MOW), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of MOW as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not 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.

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 MOW 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 qualified audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MOW'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 and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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, 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 MOW's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were 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 audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2022 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

September 9, 2022

Meals on Wheels of Central Indiana, Inc.

Statements of Financial Position June 30, 2022 and 2021

	ASSETS	
	2022	2021
Current Assets		
Cash and cash equivalents	\$ 3,875	\$ 97,608
Accounts receivable, net of allowance	68,843	77,589
Grants receivable	234,155	347,610
Inventory	4,521	6,387
Prepaid expenses	20,139	9,864
Total current assets	<u>331,533</u>	<u>539,058</u>
Fixed Assets		
Building	1,448,109	1,448,109
Leasehold improvements	9,149	9,149
Office equipment	138,474	138,474
Vehicles	137,427	166,990
Total fixed assets	<u>1,733,159</u>	<u>1,762,722</u>
Accumulated depreciation	<u>(559,167)</u>	<u>(515,233)</u>
Net fixed assets	<u>1,173,992</u>	<u>1,247,489</u>
Long-term assets		
Investments	<u>302,138</u>	<u>344,334</u>
Total long-term assets	<u>302,138</u>	<u>344,334</u>
Total Assets	<u>\$ 1,807,663</u>	<u>\$ 2,130,881</u>

Meals on Wheels of Central Indiana, Inc.

Statements of Financial Position (continued) June 30, 2022 and 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Accounts payable	\$ 164,865	\$ 235,515
Accrued payroll and related expenses	35,209	13,297
Accrued compensated absences	-	37,819
Deferred revenue	1,310,585	1,303,228
Mortgage payable - current portion	19,352	18,641
Total current liabilities	<u>1,530,011</u>	<u>1,608,500</u>
 Long-term liabilities		
Mortgage payable, net of current portion	259,159	278,321
Total long-term liabilities	<u>259,159</u>	<u>278,321</u>
 Total Liabilities	<u>1,789,170</u>	<u>1,886,821</u>
 Net Assets		
Net assets without donor restrictions	18,493	244,060
Total Net Assets	<u>18,493</u>	<u>244,060</u>
 Total Liabilities and Net Assets	<u>\$ 1,807,663</u>	<u>\$ 2,130,881</u>

Meals on Wheels of Central Indiana, Inc.

Statement of Activities and Changes in Net Assets For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues		
Contributions	\$ 354,284	\$ 264,781
Contracts		
Federal awards	1,559,490	2,944,671
Non-federal awards	766,476	707,644
Special events	68,997	16,552
Rental	50,302	51,800
Interest and dividends	18,440	9,949
In-kind donations	5,933	-
Gain (loss) on sale of assets	10,219	4,000
Other	32,165	8,291
Total operating revenue	2,866,306	4,007,688
Operating expenses		
Program	2,791,686	4,043,425
Management and general	174,037	464,898
Fundraising	67,201	132,829
Total operating expenses	3,032,924	4,641,152
Non-operating revenue (expense)		
PPP loan forgiveness	-	309,670
Gains (losses) on investments	(58,949)	92,923
Total non-operating revenue (expenses)	(58,949)	402,593
Net Decrease In Net Assets	(225,567)	(230,871)
Net Assets, Beginning of Year	244,060	474,931
Net Assets, End of Year	\$ 18,493	\$ 244,060

Meals on Wheels of Central Indiana, Inc.

Statements of Functional Expenses For the Years Ended June 30, 2022 and 2021

	Program	Management and General	Fundraising	2022 Totals
Expenses				
Salaries	\$ 847,726	\$ 93,959	\$ 35,236	\$ 976,921
Retirement plan	12,863	3,297	1,099	17,259
Employee benefits	113,274	7,821	2,933	124,028
Payroll taxes	64,543	7,639	2,865	75,047
Professional service fees				
Accounting	8,396	5,343	1,526	15,265
Legal	55,573	19,080	5,451	80,104
Other	60,455	6,144	3,072	69,671
Advertising	3,282	-	798	4,080
Office supplies & IT	41,493	6,176	4,117	51,786
Communications	14,475	2,121	1,060	17,656
Occupancy	80,632	8,514	2,838	91,984
Travel and transportation	39,807	3,725	1,863	45,395
Conferences and meetings	909	245	74	1,228
Interest	10,586	303	152	11,041
Bad debt	-	-	-	-
Insurance	34,700	5,362	2,681	42,743
Meals on Wheels	1,349,999	-	-	1,349,999
Depreciation	52,973	4,308	1,436	58,717
Total expenses	<u>\$ 2,791,686</u>	<u>\$ 174,037</u>	<u>\$ 67,201</u>	<u>\$ 3,032,924</u>

	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				
Accounting	35,510	22,597	6,456	64,563
Legal	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 & IT	33,176	12,795	3,656	49,627
Communications	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>

Meals on Wheels of Central Indiana, Inc.

Statements of Cash Flows For the Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of Changes in Net Assets to		
Net Cash Used In Operating Activities		
Change in net assets	\$ (225,567)	\$ (230,871)
 Adjustments to Reconcile Change in		
Net Cash Used In Operating Activities		
Depreciation expense	58,717	63,953
PPP Loan forgiveness	-	(309,670)
(Gain) loss on disposal of fixed assets	(10,220)	(4,000)
Unrealized (gains) loss on investments	58,949	(92,923)
Bad debt expense	-	4,781
Decrease (increase) in accounts receivable	8,746	(12,536)
Decrease (increase) in grants receivable	113,455	107,218
Decrease (increase) in contribution receivable	-	14,781
Decrease (increase) in inventory	1,866	(6,387)
Decrease (increase) in prepaid expenses	(10,275)	8,687
Increase (decrease) in accounts payable	(70,650)	(27,739)
Increase (decrease) in accrued payroll	21,912	842
Increase (decrease) in accrued compensated absences	(37,819)	(38,076)
Increase (decrease) in deferred revenue	7,357	(71,511)
Net Cash Used In Operating Activities	(83,529)	(593,451)
 Cash Flow From Investing Activities		
Purchase of fixed assets	-	(24,300)
Proceeds on sale of fixed assets	25,000	4,000
Redemptions of investments	-	316,149
Purchases of investments	(16,753)	(103,025)
Net Cash Provided By Investing Activities	8,247	192,824
 Cash Flow from Financing Activities		
Payments on note payable	(18,451)	(17,798)
Net Cash Used In Financing Activities	(18,451)	(17,798)
 Net Decrease in Cash and Cash Equivalents	(93,733)	(418,425)
Cash and Cash Equivalents, Beginning of Year	97,608	516,033
Cash and Cash Equivalents, End of Year	\$ 3,875	\$ 97,608
 Supplemental Disclosure of Cash Flows Information		
Cash paid on interest	\$ 11,041	\$ 11,945

Meals on Wheels of Central Indiana, Inc.

Notes to Financial Statements For the Years Ended June 30, 2022 and 2021

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 September 9, 2022, 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, 2022 and 2021, the allowance for doubtful accounts is \$0 and \$0, respectively. During the years ended June 30, 2022 and 2021, bad debt expense is \$0 and \$4,781, 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.

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 September 9, 2022. At June 30, 2022 and 2021, MOW's management recalculated the claims during that time period with an estimated amount of deferred revenue of \$1,310,585 and \$1,303,228, 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, 2022 and 2021.

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.

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.

Advertising Expense

MOW expenses advertising costs as they incur. During the years ended June 30, 2022 and 2021, advertising costs are \$4,080 and \$3,951, 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, 2022 and 2021. 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 2021 financial statements are reclassified for comparative purposes to conform with the presentation in the 2022 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).

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.

Meals on Wheels of Central Indiana, Inc.

Note 3 – Investments (continued)

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, 2022 and 2021, MOW's CICF funds are \$52,138 and \$52,786, 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, 2022 and 2021, MOW's suggested spendable amount is \$20,121 and \$18,805, respectively. During the years ended June 30, 2022 and 2021, 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, 2022 and 2021 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
June 30, 2022				
Money Market Funds	\$ 22,362	\$ 0	\$ 0	\$ 22,362
Mutual Funds	162,519	0	0	162,519
Certificates of Deposit	0	65,119	0	65,119
Beneficial interest in assets held by others	0	0	52,138	52,138
	<u>\$ 184,881</u>	<u>\$ 65,119</u>	<u>\$ 52,138</u>	<u>\$ 302,138</u>
June 30, 2021				
Money Market Funds	\$ 8,370	\$ 0	\$ 0	\$ 8,370
Mutual Funds	202,408	0	0	202,408
Certificates of Deposit	0	80,771	0	80,771
Beneficial interest in assets held by others	0	0	52,786	52,786
	<u>\$ 210,778</u>	<u>\$ 80,771</u>	<u>\$ 52,786</u>	<u>\$ 344,334</u>

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, 2022 and 2021:

	2022	2021
Beginning balance at July 1 st	\$ 52,786	\$ 39,258
Contributions	0	0
Interest	481	287
Net investment gains (losses)	(1,129)	13,241
Ending balance at June 30 th	<u>\$ 52,138</u>	<u>\$ 52,786</u>
	2022	2021
Realized gains (losses)	\$ 2,142	\$ 4,646
Unrealized gains (losses) on investments	(2,685)	9,088
Service fees on investments	(586)	(493)
Net investment gains (losses)	<u>\$ (1,129)</u>	<u>\$ 13,241</u>

Meals on Wheels of Central Indiana, Inc.

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, 2022 and 2021. No draws were made on the line of credit during the years ended June 30, 2022 and 2021. Interest expense for the years ended June 30, 2022 and 2021 is \$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.

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>2022</u>	<u>2021</u>
	<u>\$ 278,511</u>	<u>\$ 296,962</u>

Estimated future annual maturities of principal payments are as follows:

2023	\$ 19,352
2024	20,090
2025	20,857
2026	21,652
2027	22,479
Thereafter	<u>174,081</u>
	<u>\$ 278,511</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, 2022 and 2021, MOW's contributions amount to \$17,259 and \$15,162, respectively.

Meals on Wheels of Central Indiana, Inc.

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, 2022 and 2021, accounting service expenses amount to \$37,682 and \$73,842, 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, 2022 and 2021, lease expense is \$3,947 and \$3,777, 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, 2022 are as follows:

2023	\$ 1,916
2024	876
2025	438
Total	<u>\$ 3,230</u>

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, 2022 and 2021 are:

	2022	2021
Financial assets (current assets)	\$ 331,533	\$ 539,058
Not available within one year (prepaid expenses)	(20,139)	(9,864)
Total financial assets at year end	311,394	529,194
Less current obligations (current liabilities)	(1,789,170)	(1,886,821)
Financial assets available for general use within one year	<u>\$ (1,477,776)</u>	<u>\$ (1,357,627)</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 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, 2022 and 2021 are \$0 and \$0, respectively.

Meals on Wheels of Central Indiana, Inc.

Note 11 – Concentrations and Commitments (continued)

Concentrations in Major Funding Sources

For the years ended June 30, 2022 and 2021, one funding source made up 56% and 67% of total revenue and 77% and 80% 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, 2022

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	\$ 1,455	\$ 0
HIV Emergency Project Grants (Ryan White HIV/AIDS Program Part B)	93.917	<u>1,558,035</u>	<u>0</u>
		<u>\$ 1,559,490</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 Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meals on Wheels of Central Indiana, Inc. (MOW), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2022.

Report on 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) as a basis for designing 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 a 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MOW's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

September 9, 2022



Independent Auditor's Report on Compliance for Each Major Program and 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 Opinion on Each Major Federal Program

We have audited Meals on Wheels of Central Indiana, Inc. (MOW)'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. MOW's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MOW and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of MOW's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to MOW's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MOW's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MOW's compliance with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 MOW's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MOW's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 MOW's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
September 9, 2022

Meals on Wheels of Central Indiana, Inc.

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

I. Summary of Independent Accountant's Results

Financial Statements

Type of auditor's report issued: Modified

Going concern explanatory paragraph included? Yes No

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

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

Internal control over major programs:

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

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

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.

Schedule of Findings and Questioned Costs (continued) For the Year Ended June 30, 2022

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, 2022.

Meals on Wheels of Central Indiana, Inc.

Schedule of Prior Year Audit Findings, Questioned Costs, and Recommendations For the Year Ended June 30, 2022

Financial Statement Findings

For the year ended June 30, 2021, the audit disclosed no findings, questioned costs, or recommendations that are required to be reported under the *OMB Compliance Supplement* on financial statements.

Federal Award Findings and Questioned Costs

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 September 9, 2022, 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.

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, 2021 - June 30, 2022

Corrective action prepared by:

Name: Jamie Johnson, Meals on Wheels of Central Indiana, Inc.

Position: Executive Director

Telephone number: (317) 252-5558

Email address: 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, 2022.

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.

Schedule of Lead Auditor For the Year Ended June 30, 2022

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