

MEALS ON WHEELS
OF CHESAPEAKE, INC.
FINANCIAL STATEMENTS
June 30, 2021

MEALS ON WHEELS OF CHESAPEAKE, INC.

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Independent Accountants' Review Report

The Board of Directors
Meals on Wheels of Chesapeake, Inc.
Chesapeake, Virginia

We have reviewed the accompanying financial statements of Meals on Wheels of Chesapeake, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Michael R. O'Neal, CPA, P.C.

Chesapeake, Virginia
December 10, 2021

MEALS ON WHEELS OF CHESAPEAKE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	\$ 19,914
Certificate of Deposit	47,754
Accounts receivable - meals served	<u>2,449</u>
Total current assets	<u>70,117</u>
Noncurrent assets	
Investments at fair value	<u>21,670</u>
TOTAL ASSETS	<u>\$ 91,787</u>
LIABILITIES	
Current liabilities	
Deposits held for meals	\$ 12,514
Payroll liabilities	<u>366</u>
Total current liabilities	<u>12,880</u>
NET ASSETS - Without donor restrictions	<u>78,907</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 91,787</u>

See accompanying notes and independent accountants' review report.

MEALS ON WHEELS OF CHESAPEAKE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>
OPERATING ACTIVITIES:	
Public support and revenue:	
Meals served revenue	\$ 131,035
Donations - corporate and general public	63,459
United Way funding	5,812
Interest income - checking	4
Total support and revenue	200,310
Expenses:	
Program expenses	181,212
Management and general	8,845
Total expenses	190,057
Change in net assets from operating activities	10,253
INVESTMENT ACTIVITIES:	
Net investment income (loss)	4,344
Interest income on certificate of deposit	129
Change in net assets from nonoperating activities	4,473
Change in net assets	14,726
NET ASSETS - Beginning of year	64,181
NET ASSETS - End of year	\$ 78,907

See accompanying notes and independent accountants' review report.

MEALS ON WHEELS OF CHESAPEAKE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES:

Change in net assets	\$	14,726
Adjustments to reconcile change in net assets to cash provided by operating activities:		
(Increase) Decrease in receivables - meals sold		(1,233)
Increase (decrease) in security deposits		(2,144)
Increase (decrease) in payroll liabilities		366
(Earnings) Loss on investments		<u>(4,473)</u>
 NET CASH USED BY OPERATING ACTIVITIES		 7,242
 CASH, BEGINNING OF YEAR		 <u>12,672</u>
 CASH, END OF YEAR	 \$	 <u><u>19,914</u></u>

See accompanying notes and independent accountants' review report.

MEALS ON WHEELS OF CHESAPEAKE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>AND</u> <u>GENERAL</u>	<u>TOTAL</u>
Meals	\$ 132,102	\$ -	\$ 132,102
Salaries	43,274	-	43,274
Professional Fees	-	5,114	5,114
Insurance	-	3,386	3,386
Taxes	3,008	-	3,008
Office Expense	2,828	-	2,828
Postage	-	118	118
Dues & Subscriptions	<u>-</u>	<u>227</u>	<u>227</u>
Totals	<u>\$ 181,212</u>	<u>\$ 8,845</u>	<u>\$ 190,057</u>

See accompanying notes and independent accountants' review report.

MEALS ON WHEELS OF CHESAPEAKE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - Description of Organization

Nature of Activity

Meals on Wheels of Chesapeake, Inc., was incorporated December 8, 1976 in the Commonwealth of Virginia. The Organization offers a community service of house-delivered meals to the disabled, aged and chronically ill residents of Chesapeake, Virginia who are not able to provide, obtain, or prepare their own nourishing food, or who are unable to fully understand and prepare a modified diet. Sources of revenue for the Organization include donations from United Way, the general public, and fees charged to clients for meals delivered.

NOTE 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016. (ASC) 958-205 was effective January 1, 2018.

Under these provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be held in perpetuity. At June 30, 2021, all assets held by the Organization had no donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in the United Way Foundation Investment Fund have readily determinable fair values and are reported at fair value in the statement of financial position. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MEALS ON WHEELS OF CHESAPEAKE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - Significant Accounting Policies - (continued)

Receivables

Receivables represent the amounts due but not collected from clients for meals served. Amounts not collected after a third attempt by management are submitted for collections or written off as bad debt. These amounts have been minimal to date. There were no receivables over 90 days past due as of June 30, 2021.

Deposits held for meals

New clients may be required to pay a deposit of approximately \$40 to \$140 to begin the program. The deposit is held until a client stops service with Meals on Wheels of Chesapeake, Inc. and the deposit is applied to the final billing. Total deposits held at June 30, 2021 were \$12,514.

Revenue from Meals Served

Clients are billed monthly at the beginning of the month for meals to be served that month. Revenue is recognized at month's end when the meals billed have all been served to clients.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. All contributions received to date have been unconditional.

Functional Allocation of Expenses

The costs of providing programs and supporting services has been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified directly with the program of providing education and curricular activities are charged to program expenses. General and administrative expenses include expenses which provide for the overall support and direction of the organization. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and payroll taxes	Time and Effort
Office expense	Time and Effort

Income Taxes

The organization is a not-for-profit organization which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

We believe the organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

MEALS ON WHEELS OF CHESAPEAKE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - Significant Accounting Policies - (continued)

Donated Services

Volunteers contribute significant amounts of time to the program delivery services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses during the year ended June 30, 2021.

NOTE 3 - Subsequent Events

The organization has evaluated subsequent events through December 10, 2021 which is the date the financial statements were available to be issued.

On July 15, 2021, the United Way of South Hampton Roads awarded the Organization an operational funding grant of \$18,518 from the Thriving Families funding category. This award amount is subject to actual receipt of pledged funds by the United Way. The grant award will be distributed to the Organization in twelve monthly installments.

NOTE 4 - Investments

The Organization reports investments at fair value in the financial statements. Fair value is the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as Level 1, 2, or 3. Level 1 uses quoted prices in active markets for identical assets or liabilities that we can assess at the measurement date.

Investments consist of the following assets reported at fair value at June 30, 2021:

	<u>Fair Value</u>
Long term investments:	
United Way Foundation investment	<u>21,670</u>
Total investments	<u>\$ 21,670</u>

These investments are considered level 1 within the fair value hierarchy by the Organization. At June 30, 2021, the Organization does not have any investments measured using level 2 or level 3 inputs.

See independent accountants' review report.

MEALS ON WHEELS OF CHESAPEAKE, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - Investments - (continued)

The composition of the investment return reported in the statement of activities is as follows:

Interest and dividends	\$ 312
Realized gain on investments	2,472
Unrealized gain on investments	1,621
Fees	(61)
Total investment return	\$ 4,344

NOTE 5 - Donated Office Space

The Organization currently uses office space donated by Chesapeake Regional Hospital.

NOTE 6 - Liquidity

Meals on Wheels of Chesapeake, Inc. financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash	\$ 19,914
Certificate of Deposit	47,754
Accounts receivable - meals served	2,449
	\$ 70,117

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 - Special Events

The Organization holds special events annually to show appreciation for volunteers and to raise awareness about the organization's mission. Costs of these events are reflected in Program expenses in the Statement of Activities.

See independent accountants' review report.