

MEALS ON WHEELS
OF CHESAPEAKE, INC.
FINANCIAL STATEMENTS
June 30, 2022

MEALS ON WHEELS OF CHESAPEAKE, INC.

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MICHAEL R. O'NEAL

CPA, PC

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, 2022, 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
November 17, 2022

MEALS ON WHEELS OF CHESAPEAKE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current assets

Cash	\$	32,459
Certificate of Deposit		47,764
Investments at fair value		18,641
Accounts receivable - meals served		20,829
Gift card inventory		1,244
Total current assets		120,937

TOTAL ASSETS	\$	120,937
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LIABILITIES

Current liabilities

Accounts payable	\$	15,627
Payroll liabilities		-
Total current liabilities		15,627

NET ASSETS

Net assets with donor restrictions		7,500
Net assets without donor restrictions		97,810
Total net assets		105,310

TOTAL LIABILITIES AND NET ASSETS	\$	120,937
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See accompanying notes and independent accountants' review report.

MEALS ON WHEELS OF CHESAPEAKE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES:			
Public support and revenue:			
Meals served revenue	\$ -	\$ 207,690	\$ 207,690
Donations - corporate and general public	7,500	58,269	65,769
United Way funding	-	22,465	22,465
Interest income - checking	-	3	3
Total support and revenue	<u>7,500</u>	<u>288,427</u>	<u>295,927</u>
Expenses:			
Program expenses	-	234,100	234,100
Management and general	-	32,406	32,406
Total expenses	<u>-</u>	<u>266,506</u>	<u>266,506</u>
Change in net assets from operating activities	7,500	21,921	29,421
INVESTMENT ACTIVITIES:			
Net investment income (loss)	-	(3,028)	(3,028)
Interest income on certificate of deposit	-	10	10
Change in net assets from nonoperating activities	<u>-</u>	<u>(3,018)</u>	<u>(3,018)</u>
Change in net assets	7,500	18,903	26,403
NET ASSETS - Beginning of year	<u>-</u>	<u>78,907</u>	<u>78,907</u>
NET ASSETS - End of year	<u>\$ 7,500</u>	<u>\$ 97,810</u>	<u>\$ 105,310</u>

See accompanying notes and independent accountants' review report.

MEALS ON WHEELS OF CHESAPEAKE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES:

Change in net assets	\$	26,403
Adjustments to reconcile change in net assets to cash provided by operating activities:		
(Increase) Decrease in receivables - meals sold		(18,379)
(Increase) Decrease in gift card inventory		(1,244)
Increase (decrease) in security deposits		(12,514)
Increase (decrease) in accounts payable		15,627
Increase (decrease) in payroll liabilities		(366)
(Earnings) Loss on investments		<u>3,018</u>
 NET CASH USED BY OPERATING ACTIVITIES		 12,545
 CASH, BEGINNING OF YEAR		 <u>19,914</u>
 CASH, END OF YEAR	 \$	 <u><u>32,459</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, 2022

	<u>PROGRAM</u> <u>SERVICES</u>	<u>MANAGEMENT</u> <u>AND</u> <u>GENERAL</u>	<u>TOTAL</u>
Meals	\$ 177,941	\$ -	\$ 177,941
Salaries	44,806	23,075	67,881
Office Expense	3,279	2,007	5,286
Taxes	3,428	1,765	5,193
Volunteer Recognition	4,646	-	4,646
Professional Fees	-	3,881	3,881
Insurance	-	1,089	1,089
Dues & Subscriptions	-	385	385
Postage	-	204	204
Totals	\$ <u>234,100</u>	\$ <u>32,406</u>	\$ <u>266,506</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, 2022

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, Title III fee-for-services funding through Senior Services of Southeastern Virginia, 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. Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. These donor restrictions are temporary in nature and will be met by actions of the Organization or by the passage of time.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from 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, 2022

NOTE 2 - Significant Accounting Policies - (continued)

Receivables

Receivables represent the amounts due but not collected from individual clients for meals served and the amount of reimbursement due from Senior Services of Southeastern Virginia (SSSEVA) for meals served. SSSEVA is billed on a monthly basis for meals served the prior month. Amounts not collected from individual clients due to hardship are covered by a meal sponsorship donation. There were no receivables over 90 days past due as of June 30, 2022.

Deposits held for meals

New clients were required to pay a deposit of approximately \$40 to \$140 to begin the program. During the year ended June 30, 2022, this practice was ended and security deposits held at that point were either used as meals revenue, donated to the Organization at the client's request, or refunded to the client. Total deposits held at June 30, 2021 were \$12,514 and zero at June 30, 2022.

Revenue from Meals Served

Individual clients are billed monthly at the beginning of the month for meals served the previous month. Revenue is recognized at month's end when the meals billed have all been served to clients. Senior Services of Southeastern Virginia (SSSEVA) is billed at the end of month for meals served and revenue is recorded monthly when billed. The Organization currently has a contract with SSSEVA effective October 1, 2021 through September 30, 2024 to provide meals to SSSEVA 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	Actual expense

Income Taxes

The organization is a not-for-profit organization which is exempt from income taxes under Section 501c(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 2021, 2020, and 2019 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, 2022

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, 2022.

Fund-raising Costs

Fund raising costs allocated to the Organization from the United Way's annual campaign were \$5,232 for the year ending June 30, 2022. Contributions received from United Way are net of these fund raising costs. The net amount of \$22,465 is reported in the financial statements.

NOTE 3 - Subsequent Events

The organization has evaluated subsequent events through November 17, 2022 which is the date the financial statements were available to be issued.

On July 15, 2022, the United Way of South Hampton Roads awarded the Organization an operational funding grant of \$33,534 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 beginning July 2022.

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, 2022:

	<u>Fair Value</u>
Short term investments:	
United Way Foundation investment	<u>18,641</u>
Total investments	<u>\$ 18,641</u>

These investments are considered level 1 within the fair value hierarchy by the Organization. At June 30, 2022, 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, 2022

NOTE 4 - Investments - (continued)

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

Interest and dividends	\$ 485
Realized gain (loss) on investments	(503)
Unrealized gain (loss) on investments	(2,907)
Fees	(103)
Total investment return	\$ (3,028)

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	\$ 32,459
Certificate of Deposit	47,764
Short term investments	18,641
Accounts receivable - meals served	20,829
	\$ 119,693

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.

NOTE 8 - Net Assets with Donor Restrictions

The Organization has currently been awarded a grant totaling \$15,000 from Meals on Wheels of America. The Meals on Wheels Loves Pets - Discovery Grant is to be used for pet care of certain senior clients of the Organization. The money may be used for pet care such as feeding, grooming, and veterinary services. The grant period runs from February 28, 2022 through July 31, 2023. As of June 30, 2022, the Organization had received \$7,500 of the grant. No expenditures were made prior to June 30, 2022.