

Meals on Wheels of Greenville, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021



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Independent Auditor's Report

The Board of Directors
Meals on Wheels of Greenville, Inc.
Greenville, South Carolina

Opinion

We have audited the accompanying financial statements of Meals on Wheels of Greenville, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels of Greenville, Inc. for the years ended December 31, 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 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.

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 the Organization's ability to continue as a going concern for 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 GAAS 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used 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 the Organization'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.

FORVIS, LLP

**Greenville, South Carolina
May 30, 2023**

Meals on Wheels of Greenville, Inc.
Statements of Financial Position
December 31, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	\$ 2,861,490	\$ 2,371,960
Accounts receivable	65,593	127,441
Marketable securities	-	2,040
Sponsorships receivable	1,000	-
Prepaid expenses	64,599	94,108
Right-of-use asset	8,703	-
Property and equipment, less accumulated depreciation	<u>920,625</u>	<u>1,070,800</u>
Total assets	<u>\$ 3,922,010</u>	<u>\$ 3,666,349</u>

Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 45,273	\$ 18,152
Accrued expenses	18,426	23,163
Deferred revenue	62,278	121,880
Operating lease liability	<u>8,937</u>	<u>-</u>
Total liabilities	<u>134,914</u>	<u>163,195</u>

Net assets:

Without donor restrictions	3,666,251	3,379,169
With donor restrictions	<u>120,845</u>	<u>123,985</u>
Total net assets	<u>3,787,096</u>	<u>3,503,154</u>
Total liabilities and net assets	<u>\$ 3,922,010</u>	<u>\$ 3,666,349</u>

Meals on Wheels of Greenville, Inc.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

Net assets without donor restrictions:

	2022	2021
Revenues, gains (losses) and other support:		
Contributions and grants	\$ 1,900,146	\$ 3,852,864
Special events	557,323	410,124
In-kind donation of items and services	38,008	45,707
In-kind donations of investments	17,120	31,489
Loss on disposal of property and equipment	(4,672)	(226)
Realized gain (loss) on investments	(346)	277
Other income	420,307	490,837
Transfer from Meals on Wheels of Greenville Endowment Fund, Inc.	402,435	325,132
	<u>3,330,321</u>	<u>5,156,204</u>
Total revenues, gains and other support before net assets released from restrictions		
	<u>80,640</u>	<u>57,035</u>
Net assets released from restrictions		
	<u>3,410,961</u>	<u>5,213,239</u>
Total revenues, gains (losses) and other support		
Expenses:		
Program services	2,462,072	3,568,166
Management and general	124,507	158,277
Fundraising	537,300	317,669
Total expenses	<u>3,123,879</u>	<u>4,044,112</u>
	<u>287,082</u>	<u>1,169,127</u>
Increase in net assets without donor restrictions		
Net assets with donor restrictions:		
Contributions	77,500	95,000
Change in value of beneficial interest in charitable remainder trust	-	(589)
Net assets released from restrictions	<u>(80,640)</u>	<u>(57,035)</u>
	<u>(3,140)</u>	<u>37,376</u>
Increase (decrease) in net assets with donor restrictions		
	<u>283,942</u>	<u>1,206,503</u>
Change in net assets		
	<u>3,503,154</u>	<u>2,296,651</u>
Net assets, beginning of year		
	<u>\$ 3,787,096</u>	<u>\$ 3,503,154</u>
Net assets, end of year		

Meals on Wheels of Greenville, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

2022				
	Program Services	Support Services		Total
		Management and General	Fundraising	
Bank charges and credit card fees	\$ 19,615	\$ 578	\$ 4,332	\$ 24,525
Building maintenance	50,600	2,083	5,208	57,891
Client and volunteer outreach	73,307	-	-	73,307
Dues and publications	3,244	96	716	4,056
Equipment maintenance	30,753	-	-	30,753
Facilities expense	41,580	1,712	4,280	47,572
Food	807,273	-	-	807,273
Group insurance	62,163	3,530	20,268	85,961
Insurance	39,081	5,104	4,673	48,858
Marketing	138,261	4,071	30,533	172,865
Miscellaneous	895	37	92	1,024
Office supplies	15,305	451	3,380	19,136
Payroll taxes	45,913	2,607	14,970	63,490
Postage	24,632	725	5,440	30,797
Professional fees	-	60,670	-	60,670
Program supplies	138,072	-	-	138,072
Retirement	8,122	461	2,648	11,231
Salaries	771,560	35,760	217,905	1,025,225
Technology	31,138	917	6,876	38,931
Special events	-	-	161,867	161,867
Staff development	15,892	468	3,510	19,870
Taxes and licenses	2,506	103	258	2,867
Vehicle expense	16,949	-	-	16,949
Total expenses before depreciation and in-kind	2,336,861	119,373	486,956	2,943,190
Depreciation	124,711	5,134	12,836	142,681
In-kind expenses	500	-	37,508	38,008
	<u>\$ 2,462,072</u>	<u>\$ 124,507</u>	<u>\$ 537,300</u>	<u>\$ 3,123,879</u>

See accompanying notes.

**Meals on Wheels of Greenville, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021**

2021				
	Program Services	Support Services		Total
		Management and General	Fundraising	
Bank charges and credit card fees	\$ 16,111	\$ 1,314	\$ 1,875	\$ 19,300
Building maintenance	33,265	1,653	3,452	38,370
Client and volunteer outreach	57,451	-	-	57,451
Dues and publications	2,675	219	311	3,205
Equipment maintenance	19,006	-	-	19,006
Facilities expense	38,107	1,895	3,954	43,956
Food	701,115	-	-	701,115
Group insurance	80,163	6,997	15,434	102,594
Insurance	35,044	5,154	3,478	43,676
Marketing	139,389	11,373	16,227	166,989
Miscellaneous	1,452	72	151	1,675
Office supplies	16,901	1,379	1,968	20,248
Payroll taxes	47,099	4,111	9,068	60,278
Postage	23,937	1,952	2,787	28,676
Professional fees	-	57,055	-	57,055
Program supplies	130,994	-	-	130,994
Retirement	8,264	722	1,591	10,577
Salaries	654,622	56,282	124,146	835,050
Service contracts	25,832	2,108	3,007	30,947
Special events	-	-	73,064	73,064
Staff development	11,093	905	1,291	13,289
Taxes and licenses	2,137	106	222	2,465
Transfer to MOW Endowment	1,400,000	-	-	1,400,000
Vehicle expense	22,856	-	-	22,856
Total expenses before depreciation and in-kind	3,467,513	153,297	262,026	3,882,836
Depreciation	100,193	4,980	10,396	115,569
In-kind expenses	460	-	45,247	45,707
	<u>\$ 3,568,166</u>	<u>\$ 158,277</u>	<u>\$ 317,669</u>	<u>\$ 4,044,112</u>

See accompanying notes.

Meals on Wheels of Greenville, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 283,942	\$ 1,206,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	142,681	115,569
Amortization of right-of-use asset	5,717	-
In-kind donations of investments	(17,120)	(31,489)
Loss on disposal of property and equipment	4,672	226
Change in value of beneficial interest in charitable remainder trust	-	589
Realized loss (gain) on investments	346	(277)
Net changes in operating assets and liabilities:		
Accounts receivable	61,848	40,794
Marketable securities	2,040	-
Sponsorships receivable	(1,000)	-
Prepaid expenses	29,509	(59,887)
Accounts payable	27,121	109
Accrued expenses	(4,737)	1,023
Operating lease liability	(5,717)	-
Deferred revenue	(59,602)	50,683
Net cash provided by operating activities	<u>469,700</u>	<u>1,323,843</u>
Cash flows from investing activities:		
Purchases of property and equipment	(6,208)	(243,746)
Proceeds from return of property and equipment	9,030	64,540
Sales of donated investments	17,008	29,726
Net cash provided (used) by investing activities	<u>19,830</u>	<u>(149,480)</u>
Net change in cash and cash equivalents	489,530	1,174,363
Cash and cash equivalents, beginning of year	<u>2,371,960</u>	<u>1,197,597</u>
Cash and cash equivalents, end of year	\$ <u>2,861,490</u>	\$ <u>2,371,960</u>
Non-cash operating activities:		
Acquisition of office equipment through operating leases	\$ <u>13,729</u>	\$ <u>-</u>

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization and Purpose

Meals on Wheels of Greenville, Inc. (the "Organization") is an eleemosynary corporation organized under the laws of the State of South Carolina. The purpose of the Organization is to enhance the quality of life of homebound individuals by providing nutritious meals, personal contact and related services.

On January 8, 1992, the Board of Directors voted to establish an endowment fund, Meals on Wheels of Greenville Endowment Fund, Inc. (the "Endowment"), to be used for the future growth of the Meals on Wheels Program and support for the Organization's annual operations. The Endowment is a separate organization, governed by a separate board of directors and is not included in these financial statements for reporting purposes.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents consists of all highly liquid investments with an original maturity of three months or less when purchased.

Concentration of Credit Risk

The Organization maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (the "FDIC"). At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit. The Organization believes it is not exposed to any significant credit risk.

Accounts Receivable

Accounts receivable are unsecured and consist of amounts due under contracts. Accounts are considered delinquent based on contractual payment terms or aging history, as appropriate. Management has deemed accounts receivable to be fully collectible. Therefore, no allowance has been recorded as of December 31, 2022 or 2021.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Additions with a value of \$1,000 or greater are capitalized and expenditures for repairs and maintenance are expensed when incurred. Depreciation is computed on the straight-line basis over the estimated useful life of the respective assets. The estimated useful lives are:

Buildings and building improvements	7-40 years
Equipment and furnishings	3-10 years
Vehicles	5 years

Right-of-Use Asset

Lease assets are initially recorded at the initial measurement of the operating lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service.

Deferred Revenue

At times, the Organization receives payments for sponsorships of certain events in advance of the event. Income is recognized in the period in which the event occurs.

Net Assets

Net assets and revenues, expenses, gains (losses) and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, 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 restrictions or otherwise limited by contractual agreements with outside parties and may be expended for any purpose by the Organization.

Net Assets with Donor Restrictions – Net assets whose use by the Organization is subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; such restrictions may be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. There were no perpetual funds as of December 31, 2022 or 2021.

Contributions

Contributions received, including unconditional promises to give, are 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 upon which they depend are substantially met. Donor-restricted contributions are reported as an increase in net assets without donor restriction, if the restrictions are met in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statement of Activities as net assets released from restrictions. Contributions restricted for the acquisition of property, plant, and equipment are reported as net assets without donor restrictions upon the acquisition of the assets and the assets being placed in service.

In-kind Donations

Donated marketable securities, services, supplies and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as without donor restriction support unless the donor has restricted the donated asset to a specific purpose. Donated marketable securities were approximately \$17,000 and \$31,000 and donated services and supplies were approximately \$38,000 and \$46,000 for the years ended December 31, 2022 and 2021, respectively. A substantial number of volunteers have made significant contributions of their time to the Organization principally in the area of meal preparation and delivery. The value of non-professional contributed time has not been reflected in the accompanying financial statements since the recognition criteria under accounting standards were not met.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that there are no material unrecognized tax benefits or obligations as of December 31, 2022 or 2021.

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. Estimates could also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Methods Used for Allocation of Expenses Among Programs and Supporting Services

The Organization allocates expenses on a functional basis among its various programs and supporting services. The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Salaries, insurance, office supplies, marketing, professional fees, bank charges and credit card fees, dues and publications, payroll taxes, postage, retirement, service contracts and staff development are allocated based on estimates of time and effort. Depreciation, building maintenance, miscellaneous, taxes and licenses and facilities expense are allocated based on square footage.

2. Property and Equipment

Property and equipment as of December 31 follows:

	<u>2022</u>	<u>2021</u>
Buildings and building improvements	\$ 1,094,114	\$ 1,094,114
Land	241,737	241,737
Equipment and furnishings	765,013	786,282
Vehicles	<u>347,553</u>	<u>347,553</u>
	2,448,417	2,469,686
Less accumulated depreciation	<u>(1,527,792)</u>	<u>(1,398,886)</u>
	<u><u>\$ 920,625</u></u>	<u><u>\$ 1,070,800</u></u>

3. Professional Liability Insurance

The Organization is not currently involved in litigation related to professional liability claims. Management believes that if claims occur in the future, they will be settled within the limits of the coverage, which is on a claims-made basis, with insurance limits of \$2,000,000 in the aggregate. The Organization's professional liability insurance is a claims-made policy. Should this policy lapse and not be replaced with equivalent coverage, claims based upon occurrence during its term, but reported subsequent thereto, will be uninsured.

4. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Strategic Planning	\$ 5,300	\$ 45,015
Client Service and Other Related Programs	37,875	55,000
Technology Upgrades	7,500	-
Vehicles	50,000	-
Kitchen Equipment	<u>20,170</u>	<u>23,970</u>
	<u>\$ 120,845</u>	<u>\$ 123,985</u>

5. Operating Leases

Effective January 1, 2022, the Organization adopted the requirements of ASU 2016-02, *Leases* (Topic 842). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance, (Topic 840), is the recognition of a right-of-use asset (ROU) and operating lease liability on the statement of financial position. The most significant change is the requirement to recognize ROU assets and operating lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

As part of the transition to the new standard, the Organization was required to measure and recognize leases that existed on January 1, 2022, using the modified retrospective method. For leases existing at the effective date, the Organization elected the package of three transition practical expedients and therefore did not reassess whether an arrangement is or contains a lease, did not reassess lease classification and did not reassess what qualifies as an initial direct cost. The adoption of Topic 842 resulted in the recognition of operating ROU assets and lease liabilities of approximately \$13,729.

The Organization leases office equipment under lease agreements with various terms expiring in 2023 and 2024. For leases with terms greater than 12 months, the related right-of-use assets and operating lease liabilities are recorded at the present value of lease payments over the term. The Organization has elected the practical expedient to use a risk-free discount rate when measuring the operating lease liabilities. Additionally, the Organization elected the practical expedient to combine lease and nonlease components in the contract as well as the portfolio approach to classify and measure leases.

The components of lease expense and related classification in the accompanying Statement of Activities were as follows during 2022:

Operating lease cost (other expense)	<u>\$ 5,717</u>
Total lease cost	<u><u>\$ 5,717</u></u>

Meals on Wheels of Greenville, Inc.
Notes to Financial Statements

Cash paid for amounts included in the measurement of lease liabilities for the year ended December 31, 2022, is as follows:

Operating cash flows from operating leases	\$ <u>5,717</u>
Total	\$ <u>5,717</u>

The following table presents operating lease-related assets and liabilities at December 31, 2022 on the Statement of Financial Position:

Right-of-use asset	\$ <u>8,703</u>
Operating lease liability	\$ <u>8,937</u>

Other information:

Weighted-average remaining lease term	1.56 years
Weighted-average discount rate	0.20%

The total future minimum rental payments required are as follows:

2023	\$ 5,416
2024	<u>3,535</u>
	8,951
Less: Interest	<u>(14)</u>
	\$ <u>8,937</u>

Rental expense for the year ended December 31, 2021 was \$5,440. Operating lease future payments as of December 31, 2021 were as follows:

2022	\$ 5,440
2023	5,326
2024	<u>3,322</u>
	\$ <u>14,088</u>

6. Related Party Transactions

During 2022 and 2021, the board of Meals on Wheels of Greenville Endowment Fund, Inc. authorized the transfer of \$402,435 and \$325,132, respectively, to the Organization to cover operating expenses. Also, the board of Meals on Wheels of Greenville, Inc. authorized the transfer of \$- and \$1,400,000 to the Endowment in 2022 and 2021, respectively.

7. Retirement Plan

Effective January 1, 2013, the Organization established a 401(k) retirement plan. Employees that have completed a minimum of 1,000 hours during a twelve month period with the Organization are eligible to participate in a 401(k) retirement plan. The Organization has the right to make a discretionary matching contribution to eligible participants. Contributions were \$11,231 and \$10,577 for the years ended December 31, 2022 and 2021, respectively.

8. Liquidity and Availability

The Organization's financial assets available within one year of the Statements of Financial Position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,861,490	\$ 2,371,960
Accounts Receivable	65,593	127,441
Less: donor-imposed restrictions	<u>(120,845)</u>	<u>(123,985)</u>
Total	<u>\$ 2,806,238</u>	<u>\$ 2,375,416</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions. The Organization has received annual distributions from its related party, Meals on Wheels of Greenville Endowment Fund, Inc.; however, such distributions are not guaranteed and may or may not be received in future years.

9. Subsequent Events

In February 2023, the Organization signed a purchase and sale agreement to acquire property for a potential site relocation. The purchase price of the property was \$1,295,000. The Organization is in the inspection period and has paid the earnest money of \$25,000 as of the date of this report.

The Organization evaluated the effect subsequent events would have on the financial statements through May 30, 2023, which is the date the financial statements were available to be issued.