Meals on Wheels – Older Adult Alternatives
of Fairfield County, Inc.
Fairfield County
Regular Audit
For the Year Ended December 31, 2019

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Meals on Wheels - Older Adult Alternatives
1515 Cedar Hill Road
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Meals on Wheels - Older Adult Alternatives, Fairfield County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Meals on Wheels - Older Adult Alternatives is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 23, 2020

Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc.
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Independent Auditor's Report

Board of Directors
Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc.
1515 Cedar Hill Road
Lancaster, Ohio 43130

Report on the Financial Statements

We have audited the accompanying financial statements of the Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc., Fairfield County, Ohio (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc., Fairfield County, Ohio as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 16 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Organization. We did not modify our opinion regarding this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Millhuff-Stang CPA/Inc.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

September 18, 2020

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	767,500
Tax levy receivable		42,624
Accounts receivable		55,305
Inventory		34,525
Prepaid expenses		46,243
TOTAL CURRENT ASSETS		946,197
PROPERTY AND EQUIPMENT - NET		1,715,307
OTHER ASSETS		
Investments		9,812
TOTAL ASSETS	$	2,671,316
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$	114,941
Levy accounts payable		39,001
Accrued salaries		26,638
Compensated absences		60,525
Current portion of loan payable		33,032
Current portion of capital lease payable		11,453
TOTAL CURRENT LIABILITIES		285,590
LONG-TERM LIABILITIES		
Loan payable		334,104
TOTAL LIABILITIES		619,694
NET ASSETS		
Without donor restrictions		2,038,325
With donor restrictions		13,297
TOTAL NET ASSETS		2,051,622
TOTAL LIABILITIES AND NET ASSETS	$	2,671,316

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

REVENUES, GAINS, AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Levy revenue	$ 2,156,780	$ -	$ 2,156,780
Grants	3,723	83,840	87,563
Local contributions	120,440	650	121,090
Contract revenue	819,109	-	819,109
Capital campaign	-	64,945	64,945
Miscellaneous	40,210	-	40,210
In-kind revenue	38,567	-	38,567
Gain/(loss) on investments, net	309	663	972
Interest	1,522	-	1,522
Support provided by expiring time and purpose restrictions	147,776	(147,776)	-
TOTAL REVENUES, GAINS, AND SUPPORT	3,328,436	2,322	3,330,758
EXPENSES			
Program services:			
Nutrition services division	2,095,703	-	2,095,703
Aging services division	591,618	-	591,618
Service provider contracts	74,590	-	74,590
Community outreach	115,000	-	115,000
Total program services	2,876,911	-	2,876,911
Management and general	187,757	-	187,757
Fundraising	10,165	-	10,165
TOTAL EXPENSES	3,074,833	-	3,074,833
CHANGE IN NET ASSETS	253,603	2,322	255,925
NET ASSETS, BEGINNING OF YEAR	1,784,722	10,975	1,795,697
NET ASSETS, END OF YEAR	$ 2,038,325	$ 13,297	$ 2,051,622

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Nutrition Services Division	Aging Services Division	Service Provider Contracts	Community Outreach	Total Program	Management and General	Fundraising	Total
Payroll	$ 648,793	$ 277,674	$ -	$ -	$ 926,467	$ 129,528	$ 3,284	$ 1,059,279
Payroll tax expense	59,380	25,448	-	-	84,828	11,567	-	96,395
Professional fees	58,727	19,576	-	-	78,303	10,678	770	89,751
Raw food and related supplies	661,991	-	-	-	661,991	-	5,717	667,708
Office supplies	15,388	5,129	-	-	20,517	2,798	394	23,709
Telephone	6,834	2,278	-	-	9,112	1,243	-	10,355
Occupancy	44,438	14,813	-	-	59,251	8,080	-	67,331
Rental/maintenance equipment	15,877	5,292	-	-	21,169	-	-	21,169
Printing and publications	4,397	1,466	-	-	5,863	799	-	6,662
Vehicle expense	58,955	19,652	-	-	78,607	-	-	78,607
Conference, training and meetings	2,829	943	-	-	3,772	514	-	4,286
Insurance	124,072	41,357	-	-	165,429	22,550	-	187,979
Licenses	2,481	827	-	-	3,308	-	-	3,308
In-kind facilities and services	18,884	6,295	-	-	25,179	-	-	25,179
Contractual services	-	-	74,590	-	74,590	-	-	74,590
Specific assistance	213,399	117,782	-	-	331,181	-	-	331,181
Grants	-	-	-	115,000	115,000	-	-	115,000
Interest	6,216	2,072	-	-	8,288	-	-	8,288
Miscellaneous	21,925	7,308	-	-	29,233	-	-	29,233
County Auditor's levy expense	22,676	7,559	-	-	30,235	-	-	30,235
	1,987,262	555,471	74,590	115,000	2,732,323	187,757	10,165	2,930,245
Depreciation	108,441	36,147	-	-	144,588	-	-	144,588
TOTAL	$ 2,095,703	$ 591,618	$ 74,590	$ 115,000	$ 2,876,911	$ 187,757	$ 10,165	$ 3,074,833

See accompanying notes to the financial statements.

MEALS ON WHEELS - OLDER ADULT ALTERNATIVES OF FAIRFILED COUNTY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 255,925
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	144,588
Unrealized (gain)/loss on investments	(586)
(Increase) decrease in operating assets	
Tax levy receivable	19,589
Accounts receivable	(3,666)
Inventory	(3,694)
Prepaid expenses	(25,633)
Increase (decrease) in operating liabilities	
Accounts payable	45,570
Levy accounts payable	16,792
Accrued salaries	(17,195)
Compensated absences	13,777
Contracts payable	(35,483)
Retainage payable	(87,646)
NET CASH PROVIDED BY OPERATING ACTIVITIES	322,338
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(542,178)
Interest reinvested	(199)
Realized gains	(386)
Investment contributions	(3,343)
NET CASH (USED) BY INVESTING ACTIVITIES	(546,106)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from loan	386,723
Payments on loan	(19,587)
Payments on capital lease	(17,082)
NET CASH PROVIDED BY FINANCING ACTIVITIES	350,054
CHANGE IN CASH AND CASH EQUIVALENTS	126,286
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	641,214
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 767,500
SUPPLEMENTAL DISCLOSURES	
Cash paid during the year for interest	$ 8,823

See accompanying notes to the financial statements.

Note 1 – Description of the Organization

Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc. (the Organization) is a nonprofit organization that provides meals, transportation and other services for the elderly. The Organization's services are limited to Fairfield County. The Organization is supported primarily through federal and state grants and monies received from the collection of a tax levy for the purposes of providing senior services to Fairfield County Seniors.

Note 2 – Summary of Significant Accounting Policies

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

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

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

An organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Net assets with donor restrictions are further discussed in note 14.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class. The Organization had no endowments.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are shown at their net realizable value. Uncollectible accounts are charged to operations during the period in which they are determined to be uncollectible. Management believes that the direct write-off method closely approximates the reserve method of accounting for uncollectible accounts and believes that a reserve for bad debts is not required at December 31, 2019. There was no bad debt expense or write-offs for the year ended December 31, 2019.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2019 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the fiscal year in which the services are consumed.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives ranging from 3 to 40 years by the straight-line method. Repairs and maintenance are charged to operations when incurred and additions and improvements are capitalized. The Organization capitalizes assets with costs exceeding $1,000 and useful lives in excess of one year.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

In-Kind Contributions

The Organization receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use. The Organization received donated use of facilities in the amount of $5,000 and donated assets in the amount of $13,390 which are recorded as in-kind contributions on the statement of activities.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets, or (b) the services would have been purchased if not provided by contribution require specialized skills, and are provided by individuals possessing those skills. Donated salaries and contributions with an estimated fair value of $20,177 met those criteria and are included in in-kind contributions in the statement of activities. Those services were primarily unpaid volunteers assisting the organization in the preparation and delivery of meals. See Note 12 for more details.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization maintains cash and cash equivalents with various financial institutions to limit exposure with any one financial institution. The Organization's receivables present virtually no risk of collection since they are due from government agencies and generally received prior to the date of the accountants' report.

Fair Value of Financial Instruments

The carrying value of the Organization's financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and short-term debt approximates fair value due to their short-term maturities.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits and payroll taxes are allocated based on activity reports prepared by key personnel.
- In-kind contributions, county levy fees, and depreciation are allocated based on allocation percentages prepared by key personnel.
- Other expenses are allocated based on usage, typically by number of clients served.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Income Tax Status

The Organization is a not-for-profit organization classified as an other-than-private foundation and is exempt from income taxes under Internal Revenue Section 501(c)(3). Accordingly, no provision for federal income tax has been made in the accompanying financial statements. The Organization is subject to tax on income from any unrelated business.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would be sustained upon examination by the Internal Revenue Service. The Organization has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2016.

Implementation of New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting. This pronouncement did not have a significant impact on the Organization’s financial statements or note disclosures and did not require a restatement of beginning net assets.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Financial assets:	
Cash and cash equivalents	$767,500
Tax levy receivable	42,624
Accounts receivable	55,305
Investments	9,812
Total financial assets	875,241
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 14)	(13,297)
Amount available for general expenditures within one year	$861,944

The above table reflects donor-restricted funds as unavailable because the Organization must spend these resources in accordance with donor agreements. Note 14 provides more information about those funds.

Note 4 – Tax Levy Receivable

Fairfield County has a senior services tax levy for which services are provided by and through Meals on Wheels. In 2013, the County renewed their tax levy at 0.5 mills for each one dollar of valuation, which is equal to five cents ($.05) for every $100 of real property valuation. The levy was renewed in November 2018 with an increase of 0.3 mills for each dollar of valuation. Collections on the new levy began in 2019. The purpose of the levy is to provide services for older adult residents (aged 60 and older), including, but not limited to: home delivered meals, congregate site meals and activities, nutrition education, nutrition counseling, caregiver relief and support services, minor home repairs, transportation, and other senior citizens services.

The Organization recognizes as a receivable the difference between what was appropriated by the County for the levy and what has been released to Meals on Wheels for payment of expenditures.

As of December 31, 2019, the Organization has unappropriated funds at the County in the amount of $1,703,448.

Note 5 – Fair Value Measurements

The Organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active market;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- observable inputs other than quoted prices for the asset or liability; and
- inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

Note 6 – Investments

In 2017, Meals on Wheels established a fund with the Fairfield County Foundation. The investments are held in a pool of assets held by the Foundation for the benefit of various organizations.

An allocation of types of investments held by the Fairfield County Foundation, percentages held in each type, and approximate dollar amounts invested in each type at December 31, 2019 follows:

	Fair Value	Percentage
Government agencies	$133	1.36
Corporate bonds	815	8.31
Stocks	1,720	17.53
Partnerships	44	0.45
Marketable CDs	48	0.49
Certificates of deposit	2	0.02
Mutual funds	6,638	67.65
Money market	412	4.19
Total	$9,812	100.00

All investments are valued using Level 1 inputs.

Note 7 – Inventory

Inventory consists of food, beverages and supplies and is priced at cost on the first-in first-out basis.

Note 8 – Property and Equipment

Property and equipment consist of the following:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
Office equipment	$189,716	$24,449	($609)	$213,556
Kitchen equipment	317,623	38,197	(10,900)	344,920
Vehicles	788,999	47,124	-	836,123
Buildings	108,434	1,237,989	(8,433)	1,337,990
Land	-	20,600	-	20,600
Construction in Progress	865,897	426,439	(1,252,620)	39,716
	2,270,669	1,794,798	(1,272,562)	2,792,905
Accumulated Depreciation by Class:				
Office equipment	(101,734)	(32,400)	609	(133,525)
Kitchen equipment	(229,720)	(25,194)	10,900	(244,014)
Vehicles	(607,724)	(57,582)	-	(665,306)
Buildings	(13,774)	(29,412)	8,433	(34,753)
Total Accumulated Depreciation	(952,952)	(144,588)	19,942	(1,077,598)
NET PROPERTY AND EQUIPMENT	$1,317,717	$1,650,210	($1,252,620)	$1,715,307

Note 9 – Compensated Absences

Regular full-time employees and regular part-time employees (regularly working 15 hours or more per week) are eligible to accrue vacation and sick time credit on a bi-weekly basis beginning on the first day of work. The chart below indicates the maximum vacation accruals for employees based on years of service per 80 hours worked. Part-time employees regularly scheduled to work 15 hours or more per week earn vacation time on a pro rata basis according to the number of hours they work and the number of years of service. Sick time accrues at a rate of 4.62 every regular, bi-weekly pay period for hours actually worked and continue to accrue without limit. Upon termination, an employee is paid for accrued but unused vacation credit. Upon resignation or retirement from active service and after at least 5 years of service, an employee may elect to be paid for their accrued sick leave balance up to a maximum of 240 hours of pay. Compensated absences for the year ended December 31, 2019 were $60,525.

Years of service	Yearly Accrual And Maximum Accrual	Accrued per 80 hours worked
Less than 8 yrs.	96 hours	3.6923
8-19 years	144 hours	5.5390
20+ years	192 hours	7.3850

Note 10– Grants

Grants are made to the Organization by various local organizations. Some of these grants are restricted as to use and are therefore reported as donor-restricted revenues.

Note 11– Donations

Donations are received from recipients of services and the general public. The donations received for the year ended December 31, 2019 totaled $121,090.

Note 12– In-Kind Facilities and Services

The Organization has a lease with Lancaster Parks and Recreation Department for space occupied. The lease was set to expire on December 31, 2018, but was renewed through March 2020. There is no rent paid to Lancaster Parks and Recreation, however the Organization reimburses Lancaster Parks and Recreation for a portion of utilities on the basis of area occupied and telephone usage. For the year ended December 31, 2019, in-kind revenue and expenses consisted of $5,000 for facilities, $13,390 for assets received, and $20,177 for services for a total of $38,567 in-kind contributions.

Note 13– Capital Lease

Capitalized lease obligation for purchase of a new copier in 2015 provides for monthly payments of $1,468 including imputed interest at approximately 2.58% a year through 2020. The lease payment includes equipment, maintenance services, and taxes. The final lease payment of $11,453 is due in 2020.

The copier was capitalized for $82,557. As of December 31, 2019, the copier had accumulated depreciation of $70,181, with a net book value of $12,376.

Note 14 – Net Assets With Donor Restrictions

At December 31, 2019, net assets with donor restrictions are available for the following purpose:

Purpose restrictions, available for spending:	
Building Renovation Project	$8,157
Pet Program	5,140
Total purpose-restricted net assets	13,297
Total net assets with donor restrictions	$13,297

Note 15 – Line of Credit and Loan

The Organization has an unsecured line of credit established at the Vinton County National Bank. The maximum limit of credit is $150,000 with an adjustable interest rate equal to the prevailing national rate as published in the Wall Street Journal. The outstanding balance as of December 31, 2019 was $-0-.

On May 11, 2018, the Organization obtained a $650,000 construction loan from Vinton County National Bank for the purpose of providing funds for the renovation of the Organization's Cedar Heights property. This loan carries a variable interest rate starting at 3.875 percent and has a maturity date of May 11, 2039. This note will be secured by the property being renovated. As of December 31, 2019, the outstanding balance of the loan was $367,136. Monthly payments are $3,896.19. The loan and final amortization schedule have not been finalized.

Note 16 – Subsequent Events

The Organization's management has performed an analysis for the activities and transactions subsequent to December 31, 2019 to determine the need for any adjustments or disclosures within the financial statements. Management has performed the analysis through September 18, 2020.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Organization. In addition, the impact on the Organization's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

CERTIFIED PUBLIC ACCOUNTANT

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*

Independent Auditor's Report

Board of Directors
Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc.
1515 Cedar Hill Road
Lancaster, Ohio 43130

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 the Meals on Wheels – Older Adult Alternatives of Fairfield County, Inc., Fairfield County, Ohio (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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 18, 2020, wherein we noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Organization.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization'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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

September 18, 2020

OHIO AUDITOR OF STATE
KEITH FABER

MEALS ON WHEELS- OLDER ADULT ALTERNATIVES – OF FAIRFIELD COUNTY

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 12/8/2020

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