

**MEALS ON WHEELS OF THE
GREATER LEHIGH VALLEY, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Meals on Wheels of the Greater Lehigh Valley, Inc.
Allentown, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Meals on Wheels of the Greater Lehigh Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 the Greater Lehigh Valley, Inc. as of June 30, 2023 and 2022, 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 of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits 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 audit. 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 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 the 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 internal control over financial reporting or on compliance.

Board of Directors
Meals on Wheels of the Greater Lehigh Valley, Inc.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
November 17, 2023

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

ASSETS	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 704,819	\$ -	\$ 704,819	\$ 1,074,535
Service Fees Receivable	524,792	-	524,792	200,484
Contributions Receivable	45,058	-	45,058	33,945
Pledges Receivable	-	15,500	15,500	89,000
Prepaid Expenses	2,864	-	2,864	-
Food Stores Inventory	98,607	-	98,607	78,416
Investments, at Fair Value	3,073,339	503,770	3,577,109	3,271,889
Total Current Assets	4,449,479	519,270	4,968,749	4,748,269
PROPERTY AND EQUIPMENT, NET	4,039,040	-	4,039,040	3,893,268
OTHER ASSETS				
Pledges Receivable, Net	-	8,954	8,954	25,021
Perpetual Trusts Held by Others	-	792,872	792,872	772,900
Cash Value of Life Insurance	-	107,039	107,039	107,039
Total Other Assets	-	908,865	908,865	904,960
Total Assets	\$ 8,488,519	\$ 1,428,135	\$ 9,916,654	\$ 9,546,497
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 143,084	\$ -	\$ 143,084	\$ 30,328
Accrued Payroll	30,091	-	30,091	23,653
Compensated Absences	14,240	-	14,240	6,610
Total Liabilities	187,415	-	187,415	60,591
NET ASSETS				
Without Donor Restrictions:				
Undesignated	1,188,725	-	1,188,725	1,287,608
Designated for Board Endowment	3,073,339	-	3,073,339	2,815,986
Investment in Property and Equipment	4,039,040	-	4,039,040	3,893,268
Total Without Donor Restrictions	8,301,104	-	8,301,104	7,996,862
With Donor Restrictions:				
Restricted Contributions	-	24,454	24,454	153,202
Restricted for Investments and Beneficial Interest	-	1,403,681	1,403,681	1,335,842
Total With Donor Restrictions:	-	1,428,135	1,428,135	1,489,044
Total Net Assets	8,301,104	1,428,135	9,729,239	9,485,906
Total Liabilities and Net Assets	\$ 8,488,519	\$ 1,428,135	\$ 9,916,654	\$ 9,546,497

See accompanying Notes to Financial Statements.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,035,354	\$ 39,181	\$ 1,074,535
Service Fees Receivable	200,484	-	200,484
Contributions Receivable	33,945	-	33,945
Pledges Receivable	-	89,000	89,000
Food Stores Inventory	78,416	-	78,416
Investments, at Fair Value	2,815,986	455,903	3,271,889
Total Current Assets	4,164,185	584,084	4,748,269
PROPERTY AND EQUIPMENT, NET	3,893,268		3,893,268
OTHER ASSETS			
Pledges Receivable, Net	-	25,021	25,021
Perpetual Trusts Held by Others	-	772,900	772,900
Cash Value of Life Insurance	-	107,039	107,039
Total Other Assets	-	904,960	904,960
Total Assets	\$ 8,057,453	\$ 1,489,044	\$ 9,546,497
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 30,328	\$ -	\$ 30,328
Accrued Payroll	23,653	-	23,653
Compensated Absences	6,610	-	6,610
Total Liabilities	60,591	-	60,591
NET ASSETS			
Without Donor Restrictions:			
Undesignated	1,287,608	-	1,287,608
Designated for Board Endowment	2,815,986	-	2,815,986
Investment in Property and Equipment	3,893,268	-	3,893,268
Total Without Donor Restrictions	7,996,862	-	7,996,862
With Donor Restrictions:			
Restricted Contributions	-	153,202	153,202
Restricted for Investments and Beneficial Interest	-	1,335,842	1,335,842
Total With Donor Restrictions:	-	1,489,044	1,489,044
Total Net Assets	7,996,862	1,489,044	9,485,906
Total Liabilities and Net Assets	\$ 8,057,453	\$ 1,489,044	\$ 9,546,497

See accompanying Notes to Financial Statements.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
OPERATING REVENUES AND SUPPORT				
Service Fee Revenue:				
Governmental Service Fees	\$ 1,820,076	\$ -	\$ 1,820,076	\$ 1,506,950
Food Service Fees	33,431	-	33,431	32,462
Client Service Fees	504,115	-	504,115	424,976
Total Service Fee Revenue	<u>2,357,622</u>	<u>-</u>	<u>2,357,622</u>	<u>1,964,388</u>
Program Support:				
Contributions	1,095,401	-	1,095,401	1,329,041
United Way	100,647	-	100,647	178,249
Fundraising Events, Net of Direct Expenses of \$26,464 for 2023 and \$26,772 for 2022	46,780	-	46,780	50,205
Total Program Support	<u>1,242,828</u>	<u>-</u>	<u>1,242,828</u>	<u>1,557,495</u>
Net Assets Released from Restrictions	128,748	(128,748)	-	-
Total Operating Revenues and Support	<u>3,729,198</u>	<u>(128,748)</u>	<u>3,600,450</u>	<u>3,521,883</u>
OPERATING EXPENSES				
Program Services	2,888,420	-	2,888,420	2,695,884
General and Administrative	592,518	-	592,518	470,543
Fundraising	244,055	-	244,055	220,796
Total Expenses	<u>3,724,993</u>	<u>-</u>	<u>3,724,993</u>	<u>3,387,223</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>4,205</u>	<u>(128,748)</u>	<u>(124,543)</u>	<u>134,660</u>
NON-OPERATING CHANGE IN NET ASSETS				
Investment Income (Loss), Net of Fees	257,355	47,866	305,221	(451,461)
Change in Outside Perpetual Trust	-	19,973	19,973	(148,270)
Other Income	643	-	643	6,389
Gain on Disposal of Assets	42,039	-	42,039	588,563
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>300,037</u>	<u>67,839</u>	<u>367,876</u>	<u>(4,779)</u>
CHANGE IN NET ASSETS	304,242	(60,909)	243,333	129,881
Net Assets - Beginning of Year	<u>7,996,862</u>	<u>1,489,044</u>	<u>9,485,906</u>	<u>9,356,025</u>
NET ASSETS - END OF YEAR	<u>\$ 8,301,104</u>	<u>\$ 1,428,135</u>	<u>\$ 9,729,239</u>	<u>\$ 9,485,906</u>

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES AND SUPPORT			
Service Fee Revenue:			
Governmental Service Fees	\$ 1,506,950	\$ -	\$ 1,506,950
Food Service Fees	32,462	-	32,462
Client Service Fees	424,976	-	424,976
Total Service Fee Revenue	1,964,388	-	1,964,388
Program Support:			
Contributions	1,178,720	150,321	1,329,041
United Way	178,249	-	178,249
Fundraising Events, Net of Direct Expenses of \$26,772	50,205	-	50,205
Total Program Support	1,407,174	150,321	1,557,495
Net Assets Released from Restrictions	177,866	(177,866)	-
Total Operating Revenues and Support	3,549,428	(27,545)	3,521,883
OPERATING EXPENSES			
Program Services	2,695,884	-	2,695,884
General and Administrative	470,543	-	470,543
Fundraising	220,796	-	220,796
Total Expenses	3,387,223	-	3,387,223
CHANGE IN NET ASSETS FROM OPERATIONS	162,205	(27,545)	134,660
NON-OPERATING CHANGE IN NET ASSETS			
Investment Income, Net of Fees	(388,242)	(63,219)	(451,461)
Change in Outside Perpetual Trust	-	(148,270)	(148,270)
Other Income	5,817	572	6,389
Gain on Disposal of Assets	588,563	-	588,563
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	206,138	(210,917)	(4,779)
CHANGE IN NET ASSETS	368,343	(238,462)	129,881
Net Assets - Beginning of Year	7,628,519	1,727,506	9,356,025
NET ASSETS - END OF YEAR	\$ 7,996,862	\$ 1,489,044	\$ 9,485,906

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Total Program Services	General and Administrative	Fundraising	Total
	Client Services	Volunteer Services	Food Services				
Salaries and Wages	\$ 398,280	\$ 115,483	\$ 509,103	\$ 1,022,866	\$ 261,051	\$ 146,705	\$ 1,430,622
Employee Benefits	60,002	20,181	84,742	164,925	54,089	15,432	234,446
Payroll Taxes	32,549	9,080	41,642	83,271	21,292	11,690	116,253
Food and Kitchen	2,063	-	1,125,044	1,127,107	200	-	1,127,307
Supplies	26,257	614	12,023	38,894	15,144	3,915	57,953
Telephone	4,466	868	1,053	6,387	2,302	1,053	9,742
Postage	705	361	27	1,093	3,439	5,783	10,315
Utilities	2,992	6,552	24,940	34,484	8,780	1,324	44,588
Insurance	3,190	1,816	21,468	26,474	1,773	1,391	29,638
Repairs and Maintenance	5,728	3,636	26,635	35,999	27,550	3,639	67,188
Travel and Delivery	4,295	118	31,907	36,320	3,263	2,367	41,950
Professional Fees	2,626	3,988	7,361	13,975	154,271	-	168,246
Conferences and Training	264	-	49	313	197	1,319	1,829
Dues	767	374	378	1,519	1,816	1,788	5,123
Advertising	7,089	88	601	7,778	1,379	21,032	30,189
Volunteer Training and Benefits	-	788	2,392	3,180	-	78	3,258
Depreciation	18,860	13,257	230,730	262,847	16,355	16,157	295,359
Computer Services	7,610	3,844	8,248	19,702	18,055	1,182	38,939
Bad Debt	-	-	-	-	-	9,200	9,200
Miscellaenous	1,212	35	39	1,286	1,562	-	2,848
Total Expenses by Function	\$ 578,955	\$ 181,083	\$ 2,128,382	\$ 2,888,420	\$ 592,518	\$ 244,055	\$ 3,724,993

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			Total Program Services	General and Administrative	Fundraising	Total
	Client Services	Volunteer Services	Food Services				
Salaries and Wages	\$ 380,690	\$ 109,461	\$ 472,805	\$ 962,956	\$ 262,108	\$ 122,827	\$ 1,347,891
Employee Benefits	74,412	29,837	111,832	216,081	56,900	20,775	293,756
Payroll Taxes	30,892	8,359	38,999	78,250	21,115	10,061	109,426
Food and Kitchen	134	-	922,205	922,339	496	-	922,835
Supplies	26,603	6,162	9,294	42,059	19,291	1,230	62,580
Telephone	5,142	853	1,301	7,296	2,252	1,302	10,850
Postage	1,560	3,288	-	4,848	1,768	2,410	9,026
Utilities	2,851	6,051	23,087	31,989	3,734	1,298	37,021
Insurance	3,503	2,004	23,786	29,293	(2,703)	1,507	28,097
Repairs and Maintenance	7,388	6,434	55,382	69,204	30,886	2,880	102,970
Travel and Delivery	1,651	5	31,279	32,935	775	501	34,211
Professional Fees	38,292	1,320	6,719	46,331	32,304	8,850	87,485
Conferences and Training	600	90	-	690	369	600	1,659
Dues	344	419	-	763	5,591	793	7,147
Advertising	-	630	412	1,042	91	29,854	30,987
Volunteer Training and Benefits	-	8,444	-	8,444	-	-	8,444
Interest	-	-	-	-	9,479	-	9,479
Depreciation	14,560	11,254	190,820	216,634	12,432	12,096	241,162
Computer Services	16,773	3,507	3,800	24,080	8,549	3,812	36,441
Miscellaneous	650	-	-	650	5,106	-	5,756
Total Expenses by Function	\$ 606,045	\$ 198,118	\$ 1,891,721	\$ 2,695,884	\$ 470,543	\$ 220,796	\$ 3,387,223

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 243,333	\$ 129,881
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	295,359	241,162
Gain on Disposal of Assets	(42,039)	(588,563)
Realized (Gain) Loss on Investments	1,485	(12,298)
Unrealized (Gain) Loss on Investments	(219,137)	558,633
Change in Outside Perpetual Trust	(19,972)	148,270
Cash Value of Life Insurance	-	(572)
Bad Debt Expense	9,200	-
Changes in Operating Assets and Liabilities:		
Service Fees Receivable	(333,508)	84,180
Contributions Receivable	(11,113)	(33,945)
Pledges Receivable	89,567	13,545
Prepaid Expenses	(2,864)	2,612
Food Stores Inventory	(20,191)	42,023
Accounts Payable	112,756	(238,455)
Accrued Payroll	6,438	7,522
Compensated Absences	7,630	(1,650)
Net Cash Provided by Operating Activities	116,944	352,345
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Capital Assets	42,695	1,043,650
Purchase of Capital Assets	(441,787)	(954,181)
Purchases of Investments, Net of Proceeds from Sales	(87,568)	(329,185)
Net Cash Used by Investing Activities	(486,660)	(239,716)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on term borrowings	-	(1,071,408)
Net Cash Provided (Used) by Financing Activities	-	(1,071,408)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(369,716)	(958,779)
Cash and Cash Equivalents - Beginning of Year	1,074,535	2,033,314
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 704,819	\$ 1,074,535
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for interest	\$ -	\$ 9,479

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature and Purpose of the Organization

Meals on Wheels of the Greater Lehigh Valley, Inc. (Organization) is a private, nonprofit charitable organization tax exempt under Section 501(c)(3) of the Internal Revenue Code and incorporated under the laws of the Commonwealth of Pennsylvania to assist in the providing for nutritional needs of the expanding population of elderly, disabled and homebound persons of all ages.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Basis of Presentation

The Organization's net assets 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 law.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

Cash consists solely of the Organization's checking and savings accounts held at one financial institution.

Service Fees Receivable

The balance in service fees receivable represent program service fees charged to the respective County, third party agency or individual for meals provided in the previous months. The Organization reviews the composition of these balances in consideration of any allowance for credit losses.

Management considers the following factors when determining the collectability of specific service fees receivable: historical collection experience, a review of the current status of receivables, receipts subsequent to year end and judgement. Based on management's assessment, all of the contributions are considered to be realizable at the amounts stated in the accompanying statements of financial position and no allowance for credit losses was considered necessary as of June 30, 2023 and 2022.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges receivable are unconditional promises to give from private foundations, organizations and individuals and are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the years in which the promises are received, ranging from .46% to 3.11%. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible contributions. Under this method, the Organization prepares an allowance based on prior experience and management's analysis of individual accounts. In the opinion of management, all of the contributions are considered to be realizable at the amounts stated in the accompanying statements of financial position and no allowance for credit losses was considered necessary as of June 30, 2023 and 2022.

Bequests

Bequests are not recognized or recorded as support until all of the following conditions are met: the demise of testator, the amount of the bequest is known, the Organization is certain that, based on the estate's net assets, the amount bequeathed is realizable, and the probate court has declared the will valid.

Inventory

Inventory consists of food stores and is stated at the lower of cost or market, valued on a first-in, first-out basis.

Valuation of Investments in Securities at Fair Value

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurement and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments in Securities at Fair Value (Continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Invested with Lehigh Valley Community Foundation – Measured at the reported value by the Foundation, which approximates fair value. The Organization does not have discretion over the investment composition of funds held with the Foundation. The value of investments held by the Foundation is estimated based on the fair value of the underlying investments held by the Foundation.

Outside Perpetual Trusts – The value of Beneficial Interests in Perpetual Trust represents an irrevocable right to receive distributions in perpetuity from a trust that is managed by a third-party. The Organization does not have variance power over the trust's portfolio. The value of Beneficial Interests in Perpetual Trust is estimated based on the fair value of the underlying investments held by the trust.

Perpetual Trusts Held by Others

Perpetual trusts held by others are funds held by outside trusts for the benefit of the Organization in accordance with the terms of the irrevocable trusts. These funds are neither in the possession, nor under the control, of the Organization. Such terms provide that the Organization is to receive a portion of the income earned by the funds that are held in trust. The Organization's portion of the fair value of the trusts are recognized as assets and gift income at the dates the trusts are established. Distributions from the trusts are recorded as investment income and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are carried at cost, less accumulated depreciation. Maintenance and repairs which neither materially add to the value of property nor appreciably prolong its life are charged to expense.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gains or losses from such transactions are credited or charged to income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years.

Revenue Recognition

Service Fee Revenue

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue from the Organization's various programs is recognized at the time that the performance obligation under the contract has been fulfilled. The significant majority of the Organization's activities comprise of preparation and sale of fresh and frozen meals to clients throughout the greater Lehigh Valley. Revenue is recognized based on a retrospective count of the actual meals provided in a given month and based on the contracted rates with the respective agency or individual.

The portion of ticket sales for special events that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. In-kind contributions are recognized as income when the donated assets are physically received.

As of June 30, 2023 and 2022, the Organization held no contract assets or liabilities.

Public Support

In accordance with ASC 958, public support is comprised primarily of contributions which are recorded as revenue when an unconditional promise to give has been made. Contributions received 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

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 in the statements of activities as net assets released from restrictions.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Nonfinancial Assets

The Organization receives a substantial amount of donated services from unpaid volunteers who assist in fund-raising activities. However, these donated services are not reflected in the financial statements since these services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

Contributed professional services are recognized at fair market value if the services received require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Any amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses.

Advertising

Advertising costs are charged to operations when incurred. Total advertising costs for the years ended June 30, 2023 and 2022 were \$30,086 and \$30,987, respectively.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program, fundraising or support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on estimates made for time spent by key personnel between functions, space occupied by function, and other objective bases.

Income Taxes

No provision for income taxes has been made in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, income from activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

The Organization complies with the guidance for uncertainty in income taxes using the provisions of FASB ASC 740, Income Taxes. Using that guidance tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

As of June 30, 2023 and 2022, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Adoption of New Accounting Standards

The Organization adopted Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The adoption of ASU 2020-07 had no impact on the financial statement presentation.

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available. The standard did not have an impact on the Organization’s financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization’s cash flows and liquidity are primarily driven by the monthly receipt on the service fees charged on a monthly basis in exchange for the food services provided throughout the year and based on the terms of the respective contracts with state agencies or directly with clients. In addition, the Organization receives significant contributions, grants and pledges that are restricted in use by the donors.

The Organization considers and treats these gifts as restricted in accordance with the directions of the donors and such funds remain unavailable for general expenditures. Unrestricted contributions, grants and pledges are considered for use with respect to ongoing, major programs, central to its annual operations and such unrestricted gifts are available to meet cash requirements for general expenditures. The Organization manages its liquidity in accordance with two guiding principles: (1) controlling its operations within a prudent range of financial soundness and stability and (2) maintaining adequate liquid assets to fund near-term operating requirements.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LIQUIDITY (CONTINUED)

Financial assets available for general expenditure within one year of the statement of financial position date, comprise the following at June 30:

	2023	2022
Cash and Cash Equivalents Without Donor Restrictions	\$ 704,819	\$ 1,035,354
Investments Available for Operations	3,073,339	2,815,986
Service Fees Receivable	524,792	200,484
Contributions Receivable	45,058	33,945
Pledges Receivable Within Twelve Months	15,500	89,000
Total	\$ 4,363,508	\$ 4,174,769

The investments held and included above comprise entirely of board designated endowments. As such, the funds are available for operations at the discretion of the board of directors and related appropriation of such funds.

In addition to the sources included in the table above and as of June 30, 2023 and 2022, the Organization also maintains two and three, respectively, lines of credit (Note 9) with maximum borrowings of \$250,000 and \$850,000, respectively, which could be drawn upon if the need arose.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization may be subject to credit risk on its cash balances, which are placed at one commercial bank. The amounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. The risk is managed by maintaining all deposits in a high quality financial institution. From time to time, the Organization may have amounts on deposit in excess of the FDIC limits. The Organization had an at-risk balance of approximately \$467,0000 at June 30, 2023.

The Organization relies on various contracts with government agencies and local businesses to support its programs. During the years ended June 30, 2023 and 2022, the Organization received 29% and 25%, respectively, of its total operating revenue and support from two such contracts. To mitigate such risk, the Organization is regularly looking for new grantors and contributors to reduce the concentration of revenue.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Time Restricted Sponsorships and Contributions	\$ 25,500	\$ 117,700
Less Unamortized Discount	1,046	3,679
Total	<u>\$ 24,454</u>	<u>\$ 114,021</u>
Less Than One Year	\$ 15,500	\$ 89,000
One to Five Years	8,954	25,021
Total	<u>\$ 24,454</u>	<u>\$ 114,021</u>

At June 30, 2023 and 2022, approximately 78% and 91%, respectively, of the pledges receivable are from one and three donors, respectively.

NOTE 5 PROPERTY AND EQUIPMENT

Property and Equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land, Buildings, and Improvements	\$ 3,785,646	\$ 3,454,225
Construction in Progress	3,600	52,520
Equipment, Furniture and Fixtures	1,243,348	1,293,424
Vehicles	234,330	171,202
Total	<u>5,266,924</u>	<u>4,971,371</u>
Less: Accumulated Depreciation	1,227,884	1,078,103
Total	<u>\$ 4,039,040</u>	<u>\$ 3,893,268</u>

Depreciation expense was \$295,358 and \$241,162 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 INVESTMENTS

The Organization's investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with ASC 820 (see Note 1). The investments at fair value are comprised of the following at June 30:

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 INVESTMENTS (CONTINUED)

	2023			
	Level 1	Level 2	Level 3	Total
Without Donor Restrictions:				
Money Market Funds	\$ 77,084	\$ -	\$ -	\$ 77,084
Mutual Funds:				-
Equities	2,399,604	-	-	2,399,604
Fixed income	527,485	-	-	527,485
Alternatives	69,166	-	-	69,166
Total	<u>3,073,339</u>	<u>-</u>	<u>-</u>	<u>3,073,339</u>
With Donor Restrictions:				
Money Market Funds	3,150	-	-	3,150
Mutual Funds:				
Equities	433,026	-	-	433,026
Invested with Lehigh Valley Community Foundation	-	-	67,594	67,594
Total	<u>436,176</u>	<u>-</u>	<u>67,594</u>	<u>503,770</u>
Total Investments	<u>\$ 3,509,515</u>	<u>\$ -</u>	<u>\$ 67,594</u>	<u>\$ 3,577,109</u>
Beneficial Interest in Outside Perpetual Trust (Note 8)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 792,872</u>	<u>\$ 792,872</u>
	2022			
	Level 1	Level 2	Level 3	Total
Without Donor Restrictions:				
Money Market Funds	\$ 150,628	\$ -	\$ -	\$ 150,628
Mutual Funds:				-
Equities	2,146,123	-	-	2,146,123
Fixed income	482,748	-	-	482,748
Alternatives	36,487	-	-	36,487
Total	<u>2,815,986</u>	<u>-</u>	<u>-</u>	<u>2,815,986</u>
With Donor Restrictions:				
Money Market Funds	3,081	-	-	3,081
Mutual Funds:				
Equities	388,764	-	-	388,764
Invested with Lehigh Valley Community Foundation	-	-	64,058	64,058
Total	<u>391,845</u>	<u>-</u>	<u>64,058</u>	<u>455,903</u>
Total Investments	<u>\$ 3,207,831</u>	<u>\$ -</u>	<u>\$ 64,058</u>	<u>\$ 3,271,889</u>
Beneficial Interest in Outside Perpetual Trust (Note 8)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,900</u>	<u>\$ 722,900</u>

Generally, for all mutual funds, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 INVESTMENTS (CONTINUED)

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

NOTE 7 BENEFICIAL INTEREST IN OUTSIDE PERPETUAL TRUSTS

The Organization is named as a beneficiary of two perpetual trusts held by corporate trustees. The amounts recorded as an asset represent the pro-rata share of the fair value of the trusts' assets that provides for distribution of income to the Organization as beneficiary. Income is disbursed annually as a percentage of the value of the investment at its valuation date. The Organization is a 5% beneficiary in the first trust and the share of the assets was \$173,056 and \$170,128 as of June 30, 2023 and 2022, respectively. Income distribution received from the first trust was \$50,277 and \$14,153 for the years ended June 30, 2023 and 2022, respectively. The Organization is a one-sixth beneficiary in the second trust and the share of assets was \$619,816 and \$602,771 as of June 30, 2023 and 2022, respectively. Income distribution received for the second trust was \$0 and \$8,565 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8 TERM DEBT

During the year ended June 30, 2020, the Organization executed a note payable with a bank on which \$1,071,408 was borrowed and used to purchase a building. The note required monthly interest payments, at a fixed rate of 3.9%, and all principal and unpaid interest is due upon maturity in August 2022. In March 2021, the note was amended to reduce the fixed rate of interest down to 3.5%. During the year ended June 30, 2022, the Organization paid off the loan in full. As such, the balance of term debt as of June 30, 2023 and 2022 was \$0.

NOTE 9 LINES OF CREDIT

At June 30, 2023 and 2022, the Organization holds two and three, respectively, lines of credit with maximum borrowings of \$250,000 and \$850,000, respectively. As of as of June 30, 2023 and 2022, there were no borrowings on any of the related agreements. Terms and conditions of each line of credit are as follows:

The Organization executed a line of credit intended to support working capital needs. At inception, the maximum borrowings permitted on this line of credit were \$150,000 and would require monthly payments of interest only at the bank's prime rate, with a floor of 3.9%. In March 2021, the maximum borrowings under this line of credit were increased to \$250,000 and the interest rate floor was reduced to 3.5%. This line of credit is collateralized by all assets of the Organization and expires in June 2024.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 LINES OF CREDIT (CONTINUED)

The Organization executed a second line of credit intended to support capital purchases. The maximum amount permitted on this line of credit is \$100,000 and interest will be charged at a fixed rate, determined at the time of any draws taken. This line is collateralized by the underlying equipment purchased and expires in June 2024.

The Organization executed a third line of credit to support all operating needs of the Organization. The maximum amount permitted on this line was \$500,000 and interest would be charged at the US prime rate. This line of credit was secured by a portion of the Organization's investment accounts, was due on demand and had no specific termination date. Management determined that this line of credit was no longer necessary and in June 30, 2024, it was closed.

NOTE 10 ENDOWMENT

Since 2001, the Organization has held an open campaign to create an endowment for the future benefit of the Organization (True Endowment). The Organization also has created a separate endowment from the support of a single donor with the intent to support the clients of the Organization in their homes (Compassionate Care endowment).

The Organization has another endowment which was funded by a bequest and which is held and invested with the Lehigh Valley Community Foundation.

During the year ended June 30, 2022, the Organization created a new endowment originating from the gift of one donor which is intended to support volunteer recognition and celebrations.

Contributions provided for any of these endowments require the Organization to maintain the principal in perpetuity. The True Endowment restricts the use of all gains, losses, interest and dividends for current operating expenses. The Compassionate Care endowment restricts the use of all gains, losses, interest and dividends for the direct assistance of the Organization's clients.

The endowment held by the Lehigh Valley Community Foundation is restricted to support the ongoing operations of the Organization. Therefore, gains, losses, interest and dividends are reported as net assets with donor restrictions until expended.

In addition, the Organization maintains a portion of its net assets as a quasi-endowment to support future operations. The amounts designated were \$3,073,341 and \$2,815,985 at June 30, 2023 and 2022, respectively. These funds are held in two separate accounts at June 30, 2023 and 2022.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 ENDOWMENT (CONTINUED)

Endowment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, which govern the Organization's endowments. The primary objective of these policies is to produce a total return which will permit the maximum support for the general operating fund of the Organization to the extent that it is consistent with (a) prudent management of investments, (b) preservation of principal and (c) potential for long-term asset growth.

Interpretation of Relevant Law

The Organization follows Commonwealth of Pennsylvania law, Act 141, and its own governing documents with respect to the management of endowment funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable.

As a result of this interpretation, the Organization classified as net assets with donor restrictions (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not to be maintained in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted Act 141 to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, funds with original gift values of \$10,000, fair values of \$9,800, and deficiencies of \$200 were reported in net assets with donor restrictions. At June 30, 2022, funds with original gift values of \$10,000, fair values of \$8,755, and deficiencies of \$1,245 were reported in net assets with donor restrictions. These amounts are expected to be fully recovered during 2024 due to favorable market fluctuations.

Spending Policy

The Organization follows "Total Return Policy" guidelines as established under Pennsylvania Act 141 and as adopted by the Board of Directors. The Organization's policy will be to distribute annually between two and seven percent (allowable Total Return Policy range) of the trailing three fiscal year average of the endowment's total asset value. The Board of Directors, with input from the finance committee, will establish annually the percentage to be adopted for distribution. During the year ended June 30, 2023, no appropriation was elected.

The activity and net asset classification of these endowments for the years ended June 30, 2023 and 2022 is as follows:

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 ENDOWMENT (CONTINUED)

<u>June 30, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 2,815,985	\$ 562,942	\$ 3,378,927
Investment Income			
Interest and Dividends, Net of Fees	-	15,377	15,377
Realized and Unrealized Gains, Net	-	32,489	32,489
Total Investment Income	<u>-</u>	<u>47,866</u>	<u>47,866</u>
Endowment Net Assets - End of Year	<u>\$ 2,815,985</u>	<u>\$ 610,808</u>	<u>\$ 3,426,793</u>
 <u>June 30, 2022</u>			
Endowment Net Assets - Beginning of Year	\$ 2,979,227	\$ 616,161	\$ 3,595,388
Contributions	225,000	10,000	235,000
Appropriations	-	(689)	(689)
Investment Income			
Interest and Dividends, Net of Fees	44,642	7,896	52,538
Realized and Unrealized Gains, Net	<u>(432,884)</u>	<u>(71,115)</u>	<u>(503,999)</u>
Total Investment Income	<u>(388,242)</u>	<u>(63,219)</u>	<u>(451,461)</u>
Endowment Net Assets - End of Year	<u>\$ 2,815,985</u>	<u>\$ 562,942</u>	<u>\$ 3,378,927</u>

NOTE 11 GOVERNMENTAL FEES

Revenue from governmental fees consisted of the following:

	<u>2023</u>	<u>2022</u>
County of Northampton:		
Area Agency on Aging	\$ 481,515	\$ 439,346
Human Services Development Fund	66,700	60,363
County of Lehigh:		
Area Agency on Aging	550,166	442,315
Human Services Development Fund	35,763	22,850
State of Pennsylvania:		
Waiver Program	685,932	542,076
Total	<u>\$ 1,820,076</u>	<u>\$ 1,506,950</u>

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 RETIREMENT PLANS

The Organization has a defined contribution simplified employee retirement plan covering substantially all of its employees. The Organization's contribution is computed at a rate of 10% of the participating employees' salaries. The Organization's contribution expense for the years ended June 30, 2023 and 2022 were \$91,187 and \$118,782, respectively.

The Organization also provides a 403(b) plan where employees may elect to defer a portion of their earnings up to limits determined by the Internal Revenue Code. The Organization is currently not contributing nor matching employee contributions to the plan.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2023	2022
Subject to Expenditure for Specific Purpose:		
Capital Campaign	\$ 24,454	\$ 100,021
Time or Use Restrictions on Contributions	-	53,181
Subject to the Organization's Appropriation:		
Original Donor-Restricted Gift Required to be		
Maintained in Perpetuity by Donor	391,999	391,999
Outside Perpetual Trusts	792,872	772,900
Accumulated Gain	218,810	170,943
Total Net Assets with Donor Restrictions	\$ 1,428,135	\$ 1,489,044

NOTE 14 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors at June 30 as follows:

	2023	2022
Purpose Restrictions Accomplished:		
Planning and Development Costs of the		
Building Expansion Project	\$ 75,568	\$ 105,800
Specific Projects Covered by Donor Gifts	53,180	71,377
Appropriation of Endowment	-	689
Total Net Assets Released from Donor Restrictions	\$ 128,748	\$ 177,866

NOTE 15 RELATED PARTY CONTRIBUTIONS

The Organization receives contributions from its various board members. Contributions received from these related parties during the years ended June 30, 2023 and 2022 totaled \$24,437 and \$13,336, respectively.

MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 17, 2023, the date the financials were available to be issued. No events or transactions occurred that would require recognition or disclosure in the financial statements.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Meals on Wheels of the Greater Lehigh Valley, Inc.
Allentown, Pennsylvania

We have audited the statement of financial position of Meals on Wheels of the Greater Lehigh Valley, Inc. as of June 30, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and have issued our report thereon dated November 17, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Government Contracts is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
November 17, 2023

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY, INC.
SCHEDULE OF GOVERNMENT CONTRACTS
YEAR ENDED JUNE 30, 2023**

	Contract Maximum	Billings	Units of Service (Meals)
County of Northampton			
Area Agency on Aging	\$ 575,000	\$ 481,515	142,794
Human Services Development Fund	\$ 70,000	\$ 66,700	20,309
County of Lehigh			
Area Agency on Aging	\$ 534,338	\$ 550,166	103,907
Human Services Development Fund	\$ 51,425	\$ 35,763	8,661
State of Pennsylvania			
Waiver program	Unlimited	\$ 685,932	100,043



**INDEPENDENT AUDITORS' 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***

Board of Directors
Meals on Wheels of the Greater Lehigh Valley, Inc.
Allentown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Meals on Wheels of the Greater Lehigh Valley, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023, 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 November 17, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023**


We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
November 17, 2023

**MEALS ON WHEELS OF THE GREATER LEHIGH VALLEY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2023**

FINDINGS – CURRENT YEAR

2023-01

Criteria: Generally accepted accounting principles require management to have a system of internal controls which will capture all activity in the proper period and within the proper transaction class.

Condition/Context: During our audit, we identified and proposed numerous journal entries which were necessary to get the books and records in full compliance with GAAP. While many of these entries were individually immaterial, however the accumulation of their impact on the financial statements was significant.

Cause: The Organization is working through the transition of an external accounting service to the new Director of Finance. Procedures were not formalized as of year-end to capture the errors and adjustments noted during the course of the audit.

Effect: The Organization agrees with and has recorded all proposed journal entries.

Recommendation: We recommend that the Organization prepare a formal month and year end close checklist to ensure all transactions are identified and recorded in the proper period and transaction class.

Management's Response: The Organization agrees with this recommendation and will immediately expand procedures to capture all activity in the proper period.