

**PICKENS COUNTY MEALS ON WHEELS**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

# PICKENS COUNTY MEALS ON WHEELS

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## Independent Auditor's Report

Board of Directors  
Pickens County Meals on Wheels  
Easley, South Carolina

### Opinion

We have audited the accompanying financial statements of Pickens County Meals on Wheels (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pickens County Meals on Wheels as of December 31, 2021, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pickens County Meals on Wheels 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 Pickens County Meals on Wheels' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

Members  
American Institute of Certified Public Accountants  
S.C. Association of Certified Public Accountants



Board of Directors  
Pickens County Meals on Wheels  
September 26, 2023

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, including omissions, 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 generally accepted 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 Pickens County Meals on Wheels' 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 Pickens County Meals on Wheels' ability to continue as a going concern for a reasonable period of time.

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

***McKinley, Cooper & Co., LLC***

Greenville, South Carolina  
September 26, 2023

PICKENS COUNTY MEALS ON WHEELS

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

ASSETS

|                                       |                     |
|---------------------------------------|---------------------|
| Cash and cash equivalents             | \$ 241,466          |
| Accounts receivable                   | 82,515              |
| Prepaid expenses                      | 4,450               |
| Investments                           | 512,631             |
|                                       | <hr/>               |
|                                       | 841,062             |
| <br>Fixed assets, net of depreciation | <br>1,275,821       |
|                                       | <hr/>               |
| <b>Total assets</b>                   | <b>\$ 2,116,883</b> |
|                                       | <hr/> <hr/>         |

LIABILITIES

|                                       |               |
|---------------------------------------|---------------|
| Accounts payable                      | \$ 10,616     |
| Accrued payroll taxes and liabilities | 5,767         |
|                                       | <hr/>         |
| <b>Total liabilities</b>              | <b>16,383</b> |
|                                       | <hr/>         |

NET ASSETS

|   |                     |
|---|---------------------|
| Unrestricted net assets                 | 2,100,500           |
|   | <hr/>               |
| <b>Total net assets</b>                 | <b>2,100,500</b>    |
|   | <hr/>               |
| <b>Total liabilities and net assets</b> | <b>\$ 2,116,883</b> |
|   | <hr/> <hr/>         |

*The accompanying notes are an integral part of these financial statements.*

PICKENS COUNTY MEALS ON WHEELS

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

|                                      | <u>Unrestricted</u>      |
|--------------------------------------|--------------------------|
| <b>SUPPORT AND REVENUE</b>           |                          |
| Contributions                        | \$ 408,077               |
| Fundraising income                   | 42,534                   |
| Investment income                    | 6,634                    |
| Catering income                      | 5,469                    |
| Grants                               | 560,464                  |
|                                      | <hr/>                    |
| <b>Total support and revenue</b>     | 1,023,178                |
|                                      | <hr/>                    |
| <b>EXPENSES</b>                      |                          |
| Program services                     | 694,460                  |
| General and administrative           | 61,197                   |
| Fundraising                          | 47,703                   |
|                                      | <hr/>                    |
| <b>Total expenses</b>                | 803,360                  |
|                                      | <hr/>                    |
| <b>INCREASE IN NET ASSETS</b>        | 219,818                  |
| <b>NET ASSETS, beginning of year</b> | <hr/> 1,880,682          |
| <b>NET ASSETS, end of year</b>       | <hr/> <hr/> \$ 2,100,500 |

*The accompanying notes are an integral part of these financial statements.*

PICKENS COUNTY MEALS ON WHEELS

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

|                          | Program<br>Services | General and<br>Administrative | Fundraising      | Total             |
|--------------------------|---------------------|-------------------------------|------------------|-------------------|
| <b>Expenses</b>          |                     |                               |                  |                   |
| Compensation and related | \$ 139,926          | \$ 19,974                     | \$ 31,326        | \$ 191,226        |
| Meal costs               | 317,393             | -                             | -                | 317,393           |
| Meal supplies            | 37,779              | -                             | -                | 37,779            |
| Respite program          | 26,247              | -                             | -                | 26,247            |
| Occupancy                | 32,845              | 684                           | 685              | 34,214            |
| Depreciation             | 63,720              | 1,328                         | 1,327            | 66,375            |
| Advertising              | 7,938               | -                             | 7,938            | 15,876            |
| Fundraising              | -                   | -                             | 3,245            | 3,245             |
| Dues and subscriptions   | 1,984               | 185                           | 291              | 2,460             |
| Insurance                | 20,765              | 1,423                         | 1,618            | 23,806            |
| Professional fees        | 282                 | 4,277                         | 41               | 4,600             |
| Miscellaneous            | 4,603               | -                             | -                | 4,603             |
| Supplies                 | 2,071               | 193                           | 304              | 2,568             |
| Postage                  | 1,368               | 128                           | 200              | 1,696             |
| Vehicle maintenance      | 10,925              | -                             | -                | 10,925            |
| Senior services          | 5,676               | -                             | -                | 5,676             |
| Computer                 | 4,703               | 439                           | 688              | 5,830             |
| Contract services        | 15,967              | -                             | -                | 15,967            |
| Facilities and equipment | -                   | 32,541                        | -                | 32,541            |
| Bank charges             | 268                 | 25                            | 40               | 333               |
| <b>Total</b>             | <b>\$ 694,460</b>   | <b>\$ 61,197</b>              | <b>\$ 47,703</b> | <b>\$ 803,360</b> |

The accompanying notes are an integral part of these financial statements.

PICKENS COUNTY MEALS ON WHEELS

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                |
|--|----------------|
| Increase in net assets   | \$ 219,818     |
| Adjustments to reconcile changes in net assets<br>to net cash provided by operating activities |                |
| Depreciation   | 66,375         |
| Increase in accounts payable   | 5,227          |
| (Increase) in accounts receivable  | (12,524)       |
| (Increase) in prepaid expenses   | (2,950)        |
|  | <hr/>          |
| <b>Net cash provided by operating activities</b>   | <b>275,946</b> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                  |
|--|------------------|
| Purchase of fixed assets                       | (32,162)         |
| Net increase in investments                    | (241,510)        |
|  | <hr/>            |
| <b>Net cash (used) by investing activities</b> | <b>(273,672)</b> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|  |                  |
|--|------------------|
| Payments on long-term debt                     | (116,675)        |
|  | <hr/>            |
| <b>Net cash (used) by financing activities</b> | <b>(116,675)</b> |

|                               |                  |
|-------------------------------|------------------|
| <b>NET (DECREASE) IN CASH</b> | <b>(114,401)</b> |
|-------------------------------|------------------|

|                                 |               |
|---------------------------------|---------------|
| <b>CASH</b> , beginning of year | <hr/> 355,867 |
|---------------------------------|---------------|

|                           |                        |
|---------------------------|------------------------|
| <b>CASH</b> , end of year | <hr/> <hr/> \$ 241,466 |
|---------------------------|------------------------|

**SUPPLEMENTAL INFORMATION**

|                        |                  |
|------------------------|------------------|
| Cash paid for interest | <hr/> <hr/> \$ - |
|------------------------|------------------|

*The accompanying notes are an integral part of these financial statements.*



## PICKENS COUNTY MEALS ON WHEELS

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Nature of the Organization and Statement of Purpose**

Pickens County Meals on Wheels, which is governed by an administrative board, is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Pickens County Meals on Wheels was incorporated in 1980, to deliver hot, noontime meals to senior citizens living in Pickens County who cannot provide this for themselves.

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

##### **Basis of Presentation**

The Organization has adopted FASB ASC 958-205 Not-For-Profit Presentation of Financial Statements. In accordance with FASB ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

##### **Cash and Cash Equivalents**

Pickens County Meals on Wheels considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

##### **Promises to Give**

Promises to give represent the amount of unconditional promises to give expected to be collected during the next fiscal year. Management has recorded these pledges net of uncollectible amounts expected.

##### **Investments**

Investments are stated at fair market value. Investments in marketable equity and debt securities are valued at their fair values in the statement of assets, liabilities, and net assets. Fair values are based on published yearend market quotes. Investment income and gains and losses are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

##### **Fixed Assets**

Fixed assets purchased are recorded at cost, and property, plant and equipment received as gifts are recorded at fair market value as of the date received. Pickens County Meals on Wheels capitalizes fixed assets costing or valued at \$500 or more. Fixed assets are depreciated over their estimated useful economic lives, using the straight-line method. For assets retired or disposed of, cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of repairs and maintenance is charged to expense as incurred. Significant improvements or renovations are capitalized.

**Contributed Items**

Contributed items are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**Contributed Services and In-Kind Contributions**

Local businesses

and individuals contribute specific professional services and other items to Pickens County Meals on Wheels. The items are reflected in the financial statements only when the donor provides documentation of the fair market value of the contribution.

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports that support as unrestricted.

**Unearned Revenue**

Unearned revenue consists of contribution pledges received prior to yearend with funding periods applicable to future years.

**Income Tax Status**

The Organization has obtained exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization which is not a private foundation as well as eleemosynary corporation recognized in South Carolina. Therefore, no provision for income taxes has been included in the financial statements.

Financial Accounting Standards Board (FASB) ASC 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Organization has taken or expects to be taken on a tax return. In accordance with FASB ASC 740-10, the Organization recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization's income tax filings are subject to audit by various taxing authorities. Management believes there was no significant impact on the Organization's financial statements as a result of the adoption of ASC 740-10.

**Estimates**

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

**Fair Value of Financial Instruments**

The Organization's financial instruments are cash and cash equivalents, accounts payable, and accrued liabilities. The carrying values of cash and cash equivalents, accounts payable, and accrued liabilities approximate fair value because of the terms and relative short maturity.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Organization places its cash and cash equivalents with high quality financial institutions. At times, deposits with financial institutions may exceed Federal Depository Insurance Corporation insurance limits.

At December 31, 2021, all cash and cash equivalents were fully insured or collateralized.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FUNDS**

The Organization’s financial assets available for general expenditure, that is, without donor or other restricts limiting their use, within one year of the date of the statement of financial position, are as follows:

|                           |           |                |
|---------------------------|-----------|----------------|
| Cash and cash equivalents | \$        | 241,466        |
|                           | <u>\$</u> | <u>241,466</u> |

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

**NOTE 4 – FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value under GAAP and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of the Organization as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

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

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The Organization is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). The Organization considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization’s perceived risk of that instrument.

The following table sets forth by level, within the fair value hierarchy, the Organization’s investments at fair value as of December 31, 2021:

|   | Total at<br>December 31, 2021 | Level 1           | Level 2     | Level 3     |
|---|-------------------------------|-------------------|-------------|-------------|
| Exchange Traded and<br>Closed End Funds | \$ 55,843                     | \$ 55,843         | \$ -        | \$ -        |
| Mutual Funds                            | 456,788                       | 456,788           | -           | -           |
| Total at Fair Value                     | <u>\$ 512,631</u>             | <u>\$ 512,631</u> | <u>\$ -</u> | <u>\$ -</u> |

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

*Short-term investments* - The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 1. The money market mutual fund consists primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations and other securities of foreign issuers. The fund seeks to maintain a stable net asset value ("NAV") of \$1.

*Equity Investments* - Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied. Corporate stocks that are traded in inactive markets are categorized as Level 2.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting rate.

## **NOTE 5 – INVESTMENTS**

Investments at December 31, 2021, are comprised of:

|   |                   |
|---|-------------------|
| Exchange Traded and<br>Closed End Funds | \$ 55,843         |
| Mutual Funds                            | 456,788           |
| Pooled Investment                       | <u>\$ 512,631</u> |

Investment income for the year ended December 31, 2021, is comprised of:

|  |                 |
|--|-----------------|
| Interest, dividends, and other investment income | \$ 338          |
| Unrealized gain on investments                   | 8,404           |
| Investment fees                                  | (2,108)         |
|  | <u>\$ 6,634</u> |

## **NOTE 6 – LONG-TERM DEBT**

In 2015, the Organization obtained a mortgage in the amount of \$350,000 from the Pickens County government for the purpose of renovating a building. The note was collateralized by the building with interest at 4% per annum. Final payment of all outstanding unpaid principal and interest was paid in full on December 20, 2021.

## **NOTE 7 – FIXED ASSETS**

Fixed assets at December 31, 2021 consist of the following:

|                                |                            | <u>Estimated<br/>Useful Life</u> |
|--------------------------------|----------------------------|----------------------------------|
| Building                       | \$ 1,457,788               | 20-40 years                      |
| Furniture and equipment        | 174,955                    | 3-10 years                       |
| Vehicles                       | 30,685                     |                                  |
|                                | <u>1,663,428</u>           |                                  |
| Less: accumulated depreciation | <u>387,607</u>             |                                  |
| Total fixed assets, net        | <u><u>\$ 1,275,821</u></u> |                                  |

Depreciation expense for the year ended December 31, 2021 was \$66,375.

## **NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the programs and supporting services benefitted.

## **NOTE 9 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.