
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nourish Meals on Wheels
Littleton, Colorado

Opinion

We have audited the financial statements of Nourish Meals on Wheels (a nonprofit organization) which comprise the statements of assets, liabilities, and net assets - modified cash basis as of June 30, 2024 and 2023 and the related statements of support, revenue, and expenses - modified cash basis and statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Nourish Meals on Wheels as of June 30, 2024 and 2023, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nourish Meal 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nourish 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 Nourish 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.

Watson Coon Ryan, LLC

WATSON COON RYAN, LLC

CENTENNIAL, COLORADO

OCTOBER 22, 2024

NOURISH MEALS ON WHEELS
 STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
 JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 62,994	\$ 364,746
Certificates of Deposit	580,472	497,878
Investments, at Fair Value	570,148	396,071
Property and Equipment, Net	2,001,810	2,011,366
Total Assets	\$ 3,215,424	\$ 3,270,061
NET ASSETS		
Net Assets Without Donor Restrictions	3,215,424	3,270,061
Total Liabilities and Net Assets	\$ 3,215,424	\$ 3,270,061

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

NOURISH MEALS ON WHEELS
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
	Without Donor Restrictions	Without Donor Restrictions
OPERATING REVENUE:		
Donations Related to Meals Served	\$ 284,476	\$ 320,504
OPERATING EXPENSES:		
Meal Delivery Program	1,117,190	1,042,045
General and Administrative	217,850	200,734
Fundraising Expenses	63,400	58,683
Total Operating Expenses	1,398,440	1,301,462
LOSS FROM OPERATIONS	(1,113,964)	(980,958)
SUPPORT AND INVESTMENT INCOME:		
Grants - Government	147,800	98,650
Grants - Foundations	184,756	338,741
Contributions:		
Private Individuals	207,464	254,856
Communities	62,798	61,316
Contributed Non-Financial Assets	24,100	32,483
Special Events	276,762	250,093
Investment Income	31,321	10,625
Realized and Unrealized Gains on Investments	124,326	49,617
Total Support and Investment Income	1,059,327	1,096,381
Change In Net Assets	(54,637)	115,423
Net Assets, Beginning of Year	3,270,061	3,154,638
Net Assets, End of Year	\$ 3,215,424	\$ 3,270,061

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

NOURISH MEALS ON WHEELS
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries and Wages	\$ 330,466	\$ 61,882	\$ 37,387	\$ 429,735	\$ 321,614	\$ 65,415	\$ 39,402	\$ 426,431
Employee Benefits and Taxes	67,025	12,551	7,583	87,159	55,739	11,337	6,829	73,905
Advertising	-	10,119	-	10,119	-	9,042	-	9,042
Consulting and Accounting	-	27,720	-	27,720	-	16,575	-	16,575
Depreciation	55,737	27,453	-	83,190	54,946	27,063	-	82,009
Food Purchase	493,096	-	-	493,096	448,381	-	-	448,381
Event Space and Catering	-	-	17,396	17,396	-	-	11,741	11,741
Insurance	-	20,370	-	20,370	-	21,325	-	21,325
Kitchen Supplies	93,543	-	-	93,543	85,619	-	-	85,619
Occupancy	64,795	31,914	-	96,709	64,937	31,984	-	96,921
Office Supplies, Postage and Printing	9,139	1,711	1,034	11,884	5,802	1,180	711	7,693
Other Expenses	3,389	24,130	-	27,519	5,007	16,813	-	21,820
Total Operating Expenses	\$ 1,117,190	\$ 217,850	\$ 63,400	\$ 1,398,440	\$ 1,042,045	\$ 200,734	\$ 58,683	\$ 1,301,462

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

NOURISH MEALS ON WHEELS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1: ORGANIZATION AND PURPOSE

Nourish Meals on Wheels (Nourish) is a nonprofit organization established to enrich the lives of seniors and others in the South Metro Denver Area by providing nutritious meals and services that promote dignity, well-being and independence. During the year ended June 30, 2024, Nourish delivered an average of 4,100 meals each week.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. Nourish's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, revenues and support are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting include capitalizing and depreciating fixed assets, recognizing revenue in-kind for noncash donations, and capitalizing investments and adjusting them to fair market value.

Cash and Cash Equivalents. Nourish considers cash on hand, in banks and highly liquid investments with a maturity date of three months or less and readily convertible to cash to be cash equivalents.

Certificates of Deposit. Certificates of deposit are valued at the lower of cost or fair value and as such are not included in the fair value hierarchy.

Investments. Nourish records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment. Nourish records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which is generally a period between 5 and 7 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Nourish reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

Net Assets. Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes of Nourish are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations that are not subject to donor-imposed restrictions. These net assets may be used at the discretion of management and the board of directors.

NOURISH MEALS ON WHEELS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Nourish or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Nourish reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Revenue and Revenue Recognition. Meal contributions, grants and contributions are recognized when the cash or donated asset has been received. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Contributed Non-Financial Assets. Contributed non-financial assets are reflected as revenue and expense in the statement of activities at their fair market value in the period received. Donated goods included food donations valued at fair value. Volunteers contribute significant amounts of time to Nourish's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services pursuant to the modified cash basis of accounting.

Advertising. Advertising is expensed as incurred.

Functional Allocation of Expenses. The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs are allocated among the program and supporting services benefitted.

Nourish incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Nourish also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefitted, based on either financials or nonfinancial data, such as headcount, or estimates of time and effort incurred by personnel. The expenses that are allocated on the basis of time include salaries and wages, employee benefits and taxes, and office supplies, postage and printing. Depreciation and occupancy costs are allocated based on the purpose of the underlying fixed assets and equipment.

Income Taxes. Nourish is exempt from federal income tax under section 501c(3) of the Internal Revenue Code. Accordingly, Nourish has paid no income taxes and the financial statements include no provision for income tax. Nourish does not believe they have any uncertain tax positions.

Estimates. The preparation of financial statements in conformity with the modified cash basis of accounting requires Nourish to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Financial Instruments and Credit Risk. Financial instruments that potentially subject Nourish to concentrations of credit risk consist principally of temporary cash investments. Nourish places temporary cash investments with two financial institutions. Bank balances at times exceed the amount insured by FDIC,

NOURISH MEALS ON WHEELS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

however Nourish manages the deposit concentration risk by placing the cash with financial institutions believed by Nourish to be creditworthy. Investments are diversified by stock investments, bond investments and mutual funds and monitored by the Board Treasurer with further oversight by the Finance Committee of the Board.

Reclassifications. Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. During the year ended June 30, 2024, Nourish changed their net assets with donor restrictions policy to show contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2024 and 2023:

	2024	2023
Building	\$ 886,200	\$ 886,200
Land	168,800	168,800
Land improvements	21,250	21,250
Building improvements	1,005,252	953,718
Kitchen equipment	275,450	253,350
Nourish sign	4,494	4,494
Other furniture and equipment	6,850	18,297
	2,368,296	2,306,109
Less accumulated depreciation	(366,486)	(294,743)
Property and equipment, net	\$ 2,001,810	\$ 2,011,366

Depreciation expense totaled \$83,190 and \$82,009 as of the years ended June 30, 2024 and 2023, respectively.

NOTE 4: RETIREMENT PLAN

On April 1, 2024, Nourish adopted a 403(b) retirement plan. Prior to the 403(b) plan, Nourish sponsored a SIMPLE IRA retirement plan. Under both plans, Nourish's contribution is based on matching the salary deferral elected by each eligible employee not to exceed 3% of their annual gross salary. Nourish contributed \$16,725 and \$2,355 to the plans for the years ended June 30, 2024 and 2023, respectively.

NOTE 5: FAIR VALUE OF INVESTMENTS

Nourish reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

NOURISH MEALS ON WHEELS
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Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that Nourish can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, Nourish develop inputs using the best information available in the circumstances.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2024 and 2023.

The following is a description of the valuation methods used for assets measured at fair value:

Exchange Traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The following are the major categories of assets measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	<u>Assets at Fair Value as of June 30, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds	\$ 570,148	-	-	\$ 570,148
Investments at fair value	\$ 570,148	-	-	\$ 570,148
	<u>Assets at Fair Value as of June 30, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds	\$ 396,071	-	-	\$ 396,071
Investments at fair value	\$ 396,071	-	-	\$ 396,071

NOTE 6: AVAILABLE RESOURCES AND LIQUIDITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year from June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 62,994	\$ 364,746
Certificates of Deposit	580,472	497,878
Investments	570,148	396,071
Financial Assets Available to meet expenditures over the next twelve months	<u>\$ 1,213,614</u>	<u>\$ 1,258,695</u>

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JUNE 30, 2024 AND 2023

As part of Nourish's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

NOTE 7: CONTRIBUTED NON-FINANCIAL ASSETS

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of support, revenue and expenses – modified cash basis includes food donations of \$24,100 and \$32,483, respectively. Contributed food is valued using estimated prices, of cost per pound. Contributed food purchases are used in program services.

NOTE 8: SUBSEQUENT EVENTS

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