

**Community Nutrition Network and
Senior Services Association and
Meals on Wheels Foundation of
Northern Illinois**

Single Audit
September 30, 2021

Sassetti

CERTIFIED PUBLIC ACCOUNTANTS



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Board of Directors
Community Nutrition Network and Senior Services Association and
Meals on Wheels Foundation of Northern Illinois
North Riverside, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of Community Nutrition Network and Senior Services Association (CNN) and Meals on Wheels Foundation of Northern Illinois (the Foundation), which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Nutrition Network and Senior Services Association and Meals on Wheels Foundation of Northern Illinois as of September 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Additionally, the consolidating schedules on pages 17-20 are presented for purposes of additional analysis and are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2022, on our consideration of CNN's and the Foundation'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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Community Nutrition Network and Senior Services Association and Meals on Wheels Foundation of Northern Illinois consolidated 2020 financial statements, and our report dated June 4, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year end September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sassetti LLC

Oak Brook, Illinois
June 1, 2022

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION AND
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2021, WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,793,147	\$ 2,435,513
Investments	4,630	3,047
Receivables	1,070,473	741,525
Prepaid expenses	65,209	19,008
Total Current Assets	4,933,459	3,199,093
Property and Equipment:		
Equipment deposit	53,580	-
Leasehold improvements	20,591	20,591
Furniture and fixtures	166,426	168,968
Vehicles	627,185	627,185
	867,782	816,744
Less: accumulated depreciation	443,676	335,226
Property and Equipment, net	424,106	481,518
Deposits	5,501	5,501
Total Assets	\$ 5,363,066	\$ 3,686,112
LIABILITIES		
Current Liabilities:		
Accounts payable	397,164	\$ 477,486
Accrued expenses	110,367	98,288
Deferred revenue	171,137	118,356
Total Current Liabilities	678,668	694,130
NET ASSETS		
Without donor restrictions:		
Operating	3,817,823	2,232,274
Board-designated	792,123	724,708
With donor restrictions:	74,452	35,000
Total Net Assets	4,684,398	2,991,982
Total Liabilities and Net Assets	\$ 5,363,066	\$ 3,686,112

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

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION AND
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
REVENUES AND OTHER SUPPORT				
Government grant revenue	\$ 6,460,743	\$ -	\$ 6,460,743	\$ 5,728,464
Other contributions and grants	2,820,722	165,576	2,986,298	1,680,158
Project income	364,524	-	364,524	299,123
Contributed rent	310,082	-	310,082	263,264
Donated vehicles	-	-	-	82,245
Investment income, net	1,124	-	1,124	16,387
Net assets released from restriction	126,124	(126,124)	-	-
Total Revenues and Other Support	<u>10,083,319</u>	<u>39,452</u>	<u>10,122,771</u>	<u>8,069,641</u>
EXPENSES				
Program services	7,606,772	-	7,606,772	6,086,324
Administrative and management	219,818	-	219,818	329,508
Fundraising	603,765	-	603,765	462,516
Total Expenses	<u>8,430,355</u>	<u>-</u>	<u>8,430,355</u>	<u>6,878,348</u>
CHANGE IN NET ASSETS	1,652,964	39,452	1,692,416	1,191,293
NET ASSETS				
Beginning of year	<u>2,956,982</u>	<u>35,000</u>	<u>2,991,982</u>	<u>1,800,689</u>
End of year	<u>\$ 4,609,946</u>	<u>\$ 74,452</u>	<u>\$ 4,684,398</u>	<u>\$ 2,991,982</u>

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

COMMUNITY NUTRITION NETWORK AND
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program services				Total expenses		
	Congregate meals	Home delivered meals	Total program services	Administrative and management expenses	Fundraising	2021	2020
Personnel	\$ 213,388	\$ 1,182,593	\$ 1,395,981	\$ 150,212	\$ 134,348	\$ 1,680,541	\$ 1,456,822
Fringe benefits	37,656	184,087	221,743	22,410	25,244	269,397	232,895
Professional fees	30,196	120,532	150,728	24,292	102,076	277,096	298,867
Food and related expenses	239,645	4,428,263	4,667,908	13	-	4,667,921	3,682,472
Meal delivery	388	185,865	186,253	-	-	186,253	124,686
Travel	2,070	3,423	5,493	3	-	5,496	10,683
Contributions	-	-	-	-	-	-	1,284
Direct mail campaign	-	-	-	-	326,483	326,483	203,402
Dues and subscriptions	508	2,722	3,230	343	-	3,573	3,415
Equipment and repairs	122	3,373	3,495	-	-	3,495	46,157
General insurance	2,938	14,352	17,290	640	-	17,930	17,917
Occupancy	125,549	304,034	429,583	6,193	8,877	444,653	386,186
Other expenses	2,305	11,012	13,317	404	2,014	15,735	3,804
Outreach and marketing	39,571	101,142	140,713	484	-	141,197	136,056
Supplies	45,080	163,922	209,002	12,721	1,318	223,041	177,130
Telephone	3,845	29,335	33,180	12	2,027	35,219	30,740
Training and education	694	5,310	6,004	305	1,378	7,687	3,619
Depreciation	8,320	114,532	122,852	1,786	-	124,638	62,213
Total expenses	\$ 752,275	\$ 6,854,497	\$ 7,606,772	\$ 219,818	\$ 603,765	\$ 8,430,355	\$ 6,878,348

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

COMMUNITY NUTRITION NETWORK AND
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 CONSOLIDATED STATEMENTS OF CASH FLOWS
 YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,692,416	\$ 1,191,293
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	124,638	62,213
Donated vehicles	-	(82,245)
Realized/unrealized gain on investments	(1,009)	(1,913)
(Increase) decrease in operating assets		
Receivables	(328,948)	(449,921)
Prepaid expenses	(46,201)	15,625
Deposits	-	3,075
Increase (decrease) in operating liabilities		
Accounts payable	(80,322)	212,726
Accrued expenses	12,079	37,651
Deferred revenue	52,781	95,917
Net Cash Provided by Operating Activities	1,425,434	1,084,421
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments, net	(574)	166
Capital expenditures	(67,226)	(325,068)
Net Cash Used in Investing Activities	(67,800)	(324,902)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,357,634	759,519
CASH AND CASH EQUIVALENTS -		
Beginning of year	2,435,513	1,675,994
End of year	\$ 3,793,147	\$ 2,435,513
 SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Community Nutrition Network and Senior Services Association (CNN) is a nonprofit organization that operates Congregate and Home Delivered Meal Programs and a Senior Center Program in suburban Cook, Will, Kendall and Grundy Counties (outside of the City of Chicago) under contracts and grants with Age Options and Age Guide (formerly known as Northeastern Illinois Area Agency on Aging (NEIL)). The meal programs are regulated under the Older Americans Act, Title III, Special Programs for the Aging, as administered by the U.S. Department of Health and Human Services. The programs provide eligible persons with nutritious meals in a congregate setting or delivered to the home, appropriate nutrition education and general health and wellness services.

Meals on Wheels Foundation of Northern Illinois (the Foundation) is a not-for-profit organization created to increase public awareness of the services provided by CNN.

The Foundation's purpose is to gain support for the funding of home delivery of meals to suburban Cook, Will, Grundy, and Kendall County, Illinois seniors and to assist CNN with the expansion of all needed services to low-income seniors in Cook, Will, Grundy, and Kendall County, Illinois.

The Foundation's main activity is fundraising, which enables the Foundation to obtain the charitable donations and other funding that are the Foundation's main sources of revenue.

Basis of Presentation - These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of CNN and the Foundation (collectively, the Agency) after eliminations of all intercompany account transactions.

Classification of Net Assets - Under generally accepted accounting principles, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. The net assets of the Agency are reported in the two self-balancing groups as follows:

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Net Assets without Donor Restriction: Net assets without donor restriction are for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.

Net Assets with Donor Restriction: Net assets with donor restriction consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Agency reports gifts of cash and other assets as revenue with donor restriction if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. As of September 30, 2021, there were \$74,452 in donor restricted net assets.

Comparative Financial Statement Disclosure - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Agency considers all short-term investments with maturities of three months or less when purchased to be cash equivalents. CNN and the Foundation maintain cash balances at several financial institutions which, at times, may exceed federally insured limits. CNN and the Foundation believe they are not exposed to any significant risk on cash and cash equivalents. As of September 30, 2021, cash and cash equivalents in excess of these limits totaled approximately \$2,970,000.

Inventories - Food and supplies are recorded as expenses when purchased. Inventories on hand at September 30, 2021 were not material and have not been recorded.

Investments - Under generally accepted accounting principles, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is determined by

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reference to quoted market prices and other relevant information generated by market transactions. Unrealized gains and losses are included in the change in net assets.

Property and Equipment - Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation expense is provided on a straight-line basis over their estimated useful lives of the assets, generally from 5-40 years.

CNN and the Foundation follow the practice of capitalizing all expenditures for property, furniture, fixtures, and office equipment in excess of \$2,000 and with a useful life greater than one year.

Deferred Revenue - CNN's contract with Age Options and Age Guide allows CNN to collect voluntary meal donations (project income) from both congregate and home delivered meal participants. The amount collected is reported to and monitored by Age Options and Age Guide.

Significant project income collected in excess of contractual amounts allowed by Age Options and Age Guide cannot be used in the current fiscal year and is therefore reported as deferred income. The excess project income may be used in the following fiscal year to provide additional home delivered meals or for other allowable items, as approved by Age Options and Age Guide. There was no deferred project income at September 30, 2021.

Funding from Age Options and Age Guide is generally determined at the beginning of the fiscal period and then paid out monthly. In the event CNN does not fully expend funds provided or excess program or in-kind are used to reduce the funding from Age Options or Age Guide, CNN recognizes a liability in the amount that is to be refunded to the grantor or that may be spent during the next fiscal year (with approval from the grantor). Deferred revenue related to unexpended funds at September 30, 2021 totaled \$171,137.

Recently Adopted Accounting Pronouncements - During fiscal year-end September 30, 2021, The Agency adopted Financial Accounting Standards Board's Accounting Standard Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard was adopted by the Agency effective October 1, 2020 using the modified retrospective method and elected to apply the standard only to contracts that were not

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completed as of that date. The Agency has no exchange transactions and therefore there were no material changes in the timing of recognition of revenue and therefore there was no adjustment to the opening balance of net assets without donor restrictions.

Revenue Recognition - The Agency receives support and revenue from various funding sources in order to support their programs. Grants may be recognized as revenue either when received or based on a cost-reimbursement methodology as stated in the grant agreement, depending on whether it is determined to be conditional or unconditional. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions/barriers on which they depend are substantially met.

Unconditional promises to give are recognized as revenues in the period received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using risk adjusted interest rates applicable to those years in which the promises are to be received. Contributions of assets other than cash are recorded at their estimated fair value. Management assesses the collectability of promises to give based on historical results and current market conditions.

Grants and Other Receivables - Grants and other receivables consist of government and state grants, private grants, and other unconditional receivables that are carried at original pledge, invoice, or voucher amount. Management monitors the collection of pledges and grant receivables on a monthly basis and amounts are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. No allowance for doubtful accounts was deemed necessary by management at September 30, 2021.

Non-Cash Contributions - CNN receives voluntary assistance from participants in the Congregate and Home Delivered Meal Programs. Volunteers serve as drivers, hostesses, food servers and aides. CNN estimates over 49,000 hours have been donated for the year ended September 30, 2021. No amounts related to these hours have been recognized in the consolidated financial statements because the services do not meet the criteria for recognition under generally accepted accounting principles as they do not require specialized skills.

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CNN and the Foundation record non-cash contributions at fair value at the date of receipt. During the year ended September 30, 2021, CNN recognized in-kind rent in the amount of \$310,082.

Income Tax Status - CNN and the Foundation are exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). However, organizations which are exempt may be subject to unrelated business income taxes when an organization generates revenues from activities which are unrelated to the exempt purpose of the organization. Management believes CNN and the Foundation have no unrelated business income for the year ended September 30, 2021. CNN and the Foundation's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to each function based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to the programs based on an analysis of personnel time and a ratio of direct salaries to total salaries.

Subsequent Events - The Agency has evaluated subsequent events throunogh June 1, 2022, the date these financial statements were available to be issued.

2. CONCENTRATIONS

During the year ended September 30, 2021, the revenue received from Age Options and Age Guide accounted for approximately 62% of total revenue and other support and 96% of receivables. These grants provide that CNN will be reimbursed for a portion of the costs associated with eligible meals served or delivered.

CNN is contracted with Georgis Catering (Georgis) and Hoffman House (Hoffman) to prepare, supply and deliver packaged food products, perishable food and consumable supplies. Also,

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Georgis may provide storage and cooking equipment at various sites. Ownership of the equipment remains with Georgis. Amounts paid to Georgis and Hoffman make up 71% of total food costs for the year ended September 30, 2021 and 51% of accounts payable at September 30, 2021.

3. INVESTMENTS

The Agency follows generally accepted accounting principles for fair value measurement. Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Agency considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Investments of approximately \$4,600 in the accompanying consolidated statement of financial position consist of common stock at fair market value, measured at quoted prices in active markets for identical assets or liabilities (Level 1).

Investment securities are exposed to various risks including interest rate, market and credit risk. 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 those changes could materially affect the amounts reported in the Consolidated Statement of Financial Position.

4. RECEIVABLES

Due from Age Options:	\$ 719,579
Due from Age Guide:	303,444
Other receivables	<u>47,450</u>
Total receivables	<u><u>\$ 1,070,473</u></u>

Receivables are reported at the amount management expects to collect on balances outstanding at September 30, 2021. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are not expected to be collected.

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5. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Agency typically operates on a consistent annual cycle, with known recurring expenditures that include payroll, fringe benefits, food costs, and rent, as a result of fulfilling the Agency's mission. Due to the general predictability of its annual operations, the Agency is able to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.

The Agency's financial assets available for general expenditure within one year of the statement of financial position date of September 30, 2021, are as follows:

Financial Assets	
Cash and cash equivalents	\$ 3,793,147
Investments	4,630
Receivables	<u>1,070,473</u>
Total financial assets available	4,868,250
Less:	
Amount subject to board designation	<u>(792,123)</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 4,076,127</u></u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Agency has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

6. RETIREMENT PLAN

CNN has an employee 403(b) plan which benefits all employees. Participation is voluntary and all employees who meet prescribed service requirements are eligible to defer up to the IRS limit. CNN matches the lesser of 1% of the employee's salary or 50% of each employee's salary deferral. A total of \$19,933 was contributed as an employer match during the year ended September 30, 2021. Retirement plan related expenses are included within fringe benefits on the consolidated statement of functional expenses.

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7. LEASE COMMITMENTS

CNN leases facilities for its senior nutrition programs from various sources. The terms of the leases are short-term and provide for annual renewals. Generally, these leases provide for the reimbursement of expenses related to the lease of a space at a stated monthly rate.

North Riverside Office – Effective January 2019, the Agency signed a lease for space for the administrative offices in North Riverside. The lease runs through January 31, 2024 with rental payments of \$2,088 to \$2,278 over the life of the lease. Rent expense for the year ended September 30, 2021 totaled \$28,169.

Chicago Heights - CNN entered into a non-cancelable lease agreement in April 2019 for food service space that calls for monthly rental payments of \$400 with a lease term ending September 30, 2022. Rent expense for the year ended September 30, 2021 totaled \$4,800.

Grundy – CNN has a one-year lease with Grundy commencing on January 1st with monthly rental payments for fiscal year 2021 of \$1,744. Rent expense for the year ended September 30, 2021 totaled \$20,928.

Hometown - On September 1, 2015, CNN entered into a six-year, non-cancelable lease agreement for food service space calling for monthly rental payments of \$1,013 to \$1,059 over the life of the lease. The lease term ends August 31, 2021. Rent expense for the year ended September 30, 2021 totaled \$12,338. As of September 30, 2021, the lease is on a month to month basis.

Dolton – CNN entered into a lease for an additional congregate meal location in Dolton effective April 2019. Lease term extends to September 30, 2022 at a rate of \$400 per month. Rent expense for the year ended September 30, 2021 totaled \$4,800.

Joliet – CNN entered a lease in April 2020 through September 30, 2022 for space within Senior Services of Will County at \$100 per month. Rent expense for the year ended September 30, 2021 totaled \$1,200.

Joliet/Larkin – Effective September 2020, CNN signed a lease for office space in Joliet that runs from October 1, 2020 through October 31, 2023 at \$925 per month. Rent expense for the year ended September 30, 2021 totaled \$10,175.

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Future minimum rental payments are as follows:

For the year ended September 30, 2022	\$	69,720
		2023 43,583
		2024 <u>12,315</u>
	\$	<u>125,618</u>

8. BOARD DESIGNATED NET ASSETS

The Foundation raises funds to support the mission of CNN. In order to better support this mission, the Foundation's Board of Directors designates certain funds for the benefit of CNN. At September 30, 2021, board designated funds totaled \$792,123.

9. COMMITMENTS AND CONTINGENT LIABILITIES

CNN has received significant financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits become a liability of CNN. There were no such audits or related disallowed claims for the year ended September 30, 2021.

10. CONDITIONAL GRANTS

Conditional grants are grants that include a specific condition in order to earn the revenue. Conditional grants are not recorded in revenue until the condition of the grant is met (generally, when the service is provided). The Organization has conditional grants of approximately \$200,000 from agencies to provide senior meal services. These grants are available to be used during fiscal year 2022 on qualifying expenses.

11. UNCERTAINTIES AND COVID-19

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the Legislation that directs federal emergency disaster response.

COMMUNITY NUTRITION NETWORK AND
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MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The Agency cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will continue to impact the Agency. As of the report date, the Agency still had not resumed congregate dining and is waiting for approval from state agencies in order to be able to do so. The total magnitude, timing, and duration of any potential financial impacts cannot be reasonably estimated at this time.

12. RECENT ACCOUNTING PRONOUNCEMENTS

The FASB has issued ASU 2020-07, Not-for-Profit Entities (Topic 958), which clarified the current standard and requires a not-for-profit to present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. The standard also requires additional disclosures. The standard is effective for the fiscal year ending September 30, 2022.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Agency's year ending September 30, 2023, with early application permitted.

The Agency is assessing the potential impact of the new pronouncements on its operations and financial statements.

Consolidating Supplemental Schedules

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION AND
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

SEPTEMBER 30, 2021

	Community Nutrition Network	Meals on Wheels Foundation	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 408,999	\$ 3,384,148	\$ -	\$ 3,793,147
Investments	-	4,630	-	4,630
Receivables	1,026,223	44,250	-	1,070,473
Prepaid expenses	4,729	60,480	-	65,209
Due from MOWF, net	82,488	-	(82,488)	-
Total current assets	1,522,439	3,493,508	(82,488)	4,933,459
Property and equipment:				
Equipment deposit	53,580	-	-	53,580
Leasehold improvements	20,591	-	-	20,591
Furniture and fixtures	152,792	13,634	-	166,426
Vehicles	578,498	48,687	-	627,185
	805,461	62,321	-	867,782
Less: Accumulated depreciation	391,080	52,596	-	443,676
Property and equipment, net	414,381	9,725	-	424,106
Deposits	5,501	-	-	5,501
Total Assets	<u>\$ 1,942,321</u>	<u>\$ 3,503,233</u>	<u>\$ (82,488)</u>	<u>\$ 5,363,066</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 394,764	\$ 2,400	\$ -	\$ 397,164
Accrued expenses	110,367	-	-	110,367
Deferred revenue	171,137	-	-	171,137
Due to CNN, net	-	82,488	(82,488)	-
Total current liabilities	676,268	84,888	(82,488)	678,668
NET ASSETS				
Without donor restrictions				
Operating	1,266,053	2,551,770	-	3,817,823
Board-designated	-	792,123	-	792,123
With donor restrictions	-	74,452	-	74,452
Total net assets	1,266,053	3,418,345	-	4,684,398
Total Liabilities and Net Assets	<u>\$ 1,942,321</u>	<u>\$ 3,503,233</u>	<u>\$ (82,488)</u>	<u>\$ 5,363,066</u>

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

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION AND
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS
CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

	Community				Eliminations	Consolidated
	Nutrition Network		Meals on Wheels Foundation			
	Without Donor Restriction	Without Donor Restriction	With Donor Restriction	With Donor Restriction		
REVENUES AND OTHER SUPPORT						
Contract revenue	\$ 6,310,743	\$ -	\$ -	\$ -	-	\$ 6,310,743
Contributions and grants	1,217,958	2,522,185	165,576	-	(769,421)	3,136,298
Project income	364,524	-	-	-	-	364,524
Contributed rent	310,082	-	-	-	-	310,082
Donated vehicles	-	-	-	-	-	-
Other	-	1,124	-	-	-	1,124
Management fee	257,571	-	-	-	(257,571)	-
Net assets released from restrictions	-	126,124	(126,124)	-	-	-
Total Revenues and Other Support	8,460,878	2,649,433	39,452	(1,026,992)	(1,026,992)	10,122,771
EXPENSES						
Program services	7,597,035	779,158	-	-	(769,421)	7,606,772
Administrative and management	211,082	44,158	-	-	(35,422)	219,818
Fundraising	213,439	612,475	-	-	(222,149)	603,765
Total Expenses	8,021,556	1,435,791	-	(1,026,992)	(1,026,992)	8,430,355
CHANGE IN NET ASSETS	439,322	1,213,642	39,452	-	-	1,692,416
NET ASSETS						
Beginning of year	826,731	2,130,251	35,000	-	-	2,991,982
End of year	\$ 1,266,053	\$ 3,343,893	\$ 74,452	\$ -	\$ -	\$ 4,684,398

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

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION AND
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

SCHEDULE OF FUNCTIONAL EXPENSES - CNNSSA
YEAR ENDED SEPTEMBER 30, 2021

	Community Nutrition Services and Senior Services Association					
	Program services		Administrative			
	Congregate meals	Home delivered meals	Total program services	and management expenses	Fundraising	Total expenses
Personnel	\$ 213,388	\$ 1,182,593	\$ 1,395,981	\$ 150,212	\$ 134,348	\$ 1,680,541
Fringe benefits	37,656	184,087	221,743	22,410	25,244	269,397
Professional fees	30,196	120,532	150,728	16,061	40,289	207,078
Food and related expenses	239,645	4,428,263	4,667,908	13	-	4,667,921
Meal delivery	388	185,865	186,253	-	-	186,253
Travel	2,070	3,423	5,493	3	-	5,496
Dues and subscriptions	508	2,722	3,230	68	-	3,298
Equipment and repairs	122	3,373	3,495	-	-	3,495
General insurance	2,938	14,352	17,290	640	-	17,930
Occupancy	125,549	304,034	429,583	6,193	8,877	444,653
Other expenses	2,305	11,012	13,317	174	1,214	14,705
Outreach and marketing	39,571	101,142	140,713	484	-	141,197
Supplies	45,080	163,922	209,002	12,721	62	221,785
Telephone	3,845	29,335	33,180	12	2,027	35,219
Training and education	694	5,310	6,004	305	1,378	7,687
Depreciation	8,320	104,795	113,115	1,786	-	114,901
Total expenses	<u>\$ 752,275</u>	<u>\$ 6,844,760</u>	<u>\$ 7,597,035</u>	<u>\$ 211,082</u>	<u>\$ 213,439</u>	<u>\$ 8,021,556</u>

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

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION AND
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

SCHEDULE OF FUNCTIONAL EXPENSES - MOWF
YEAR ENDED SEPTEMBER 30, 2021

	Meals on Wheels Foundation of Northern Illinois			
	Home delivered meals	Administrative and management expenses	Fundraising	Total expenses
Professional fees	-	8,231	\$ 61,787	\$ 70,018
Management fee	-	35,422	222,149	257,571
Contributions	489,742	-	-	489,742
Direct mail campaign	-	-	326,483	326,483
Forgiveness of CNNSSA loans	279,679	-	-	279,679
Dues and subscriptions	-	275	-	275
Other expenses	-	230	800	1,030
Supplies	-	-	1,256	1,256
Depreciation	9,737	-	-	9,737
Total expenses	<u>\$ 779,158</u>	<u>\$ 44,158</u>	<u>\$ 612,475</u>	<u>\$ 1,435,791</u>

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

Single Audit Reporting

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CDFA Number</u>	<u>Pass Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:				
Aging Cluster				
Passed through Age Options:				
Special Programs for the Aging,				
Title III, Part C - Nutrition Services	* 93.045	N/A	\$ -	\$ 476,102
Nutrition Services Incentive Program	* 93.053	N/A	-	1,216,219
Passed through Age Guide:				
Special Programs for the Aging,				
Title III, Part C - Nutrition Services	* 93.045	N/A	-	665,043
COVID-19 Title III, Part C - Nutrition Services	* 93.045	N/A	-	417,286
Nutrition Services Incentive Program	* 93.053	N/A	-	173,375
Total Aging Cluster			-	2,948,025
Total federal expenditures			\$ -	\$ 2,948,025

* Audited as a major program

See Notes to Schedule of Expenditures of Federal Awards

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Community Nutrition Network and Senior Services Association and Meals on Wheels Foundation of Northern Illinois under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Community Nutrition Network and Senior Services Association and Meals on Wheels Foundation of Northern Illinois are collectively referred to as the "Organization".

Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of the Organization. Pass-through entity identifying numbers are presented where available.

The Organization elected not to use the option of the 10% de minimis indirect cost rate.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Payments to Subrecipients

The Organization provided no Federal awards to sub-recipients during the year ended September 30, 2021.

Non - Cash Assistance

The Organization neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended September 30, 2021.

Insurance, Loans, and Loan Guarantees

During the year ended September 30, 2021, the Organization received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

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
Community Nutrition Network and Senior Services Association and
Meals on Wheels Foundation of Northern Illinois
North Riverside, Illinois

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 consolidated financial statements of Community Nutrition Network and Senior Services Association (CNN) and Meals on Wheels Foundation of Northern Illinois (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 1, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CNN's and the Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CNN's and the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of CNN's and the Foundation'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CNN's and the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Sassetti LLC

June 1, 2021
Oak Brook, Illinois

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Community Nutrition Network and Senior Services Association and
Meals on Wheels Foundation of Northern Illinois
North Riverside, Illinois

Report on Compliance for Each Major Federal Program

We have audited Community Nutrition Network and Senior Services Association's (CNN) and Meals on Wheels Foundation of Northern Illinois's (the Foundation) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of CNN's and the Foundation's major federal programs for the year ended September 30, 2021. CNN's and the Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CNN's and the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CNN's and the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CNN's and the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, CNN and the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of CNN and the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CNN's and the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CNN's and the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sassetti LLC

June 1, 2022
Oak Brook, Illinois

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2021

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditors' report issued:		Unmodified	
<hr/>			
Internal control over financial reporting:			
Material weakness (es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency (ies) identified not considered to be material weaknesses?	_____ Yes	_____ X _____ No	
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No	

Federal Awards Section

Dollar threshold used to determine Type A programs:		\$750,000	
<hr/>			
Auditee qualified as low-risk auditee?	_____ X _____ Yes	_____ _____ No	
Type of auditor's report on compliance for major programs:		Unmodified	
<hr/>			
Internal control over major programs:			
Material weakness (es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency (ies) identified not considered to be material weaknesses?	_____ Yes	_____ X _____ No	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ Yes	_____ X _____ No	

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.045/93.053	Aging Cluster

COMMUNITY NUTRITION NETWORK AND
SENIOR SERVICES ASSOCIATION
MEALS ON WHEELS FOUNDATION OF NORTHERN ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2021

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE