

Meals on Wheels of Sarasota, Inc.

Financial Statements

December 31, 2015

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meals on Wheels of Sarasota, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Meals on Wheels of Sarasota, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels of Sarasota, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Meals on Wheels of Sarasota, Inc.'s 2014 financial statements, and our report dated July 30, 2015 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sarasota, Florida
May 23, 2016

Cavanaugh & Co, LLP

Meals on Wheels of Sarasota, Inc.

Statement of Financial Position

December 31, 2015

	<u>ASSETS</u>				
	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total (For Comparative Purposes Only)
Current assets:					
Cash and cash equivalents	\$ 192,882	35,000	-	227,882	59,594
Inventory	8,266	-	-	8,266	8,266
Bequests receivable	127,000	-	-	127,000	-
Interest receivable	2,623	-	-	2,623	3,556
Prepaid expenses	2,784	-	-	2,784	2,784
Total current assets	<u>333,555</u>	<u>35,000</u>	<u>-</u>	<u>368,555</u>	<u>74,200</u>
Property and equipment, net	55,974	-	-	55,974	56,335
Beneficial interest in trust	-	30,949	250,000	280,949	276,995
Investments, at fair value	<u>1,376,880</u>	<u>-</u>	<u>-</u>	<u>1,376,880</u>	<u>1,548,641</u>
Total assets	<u>\$ 1,766,409</u>	<u>65,949</u>	<u>250,000</u>	<u>2,082,358</u>	<u>1,956,171</u>
	<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:					
Accounts payable	\$ 1,250	-	-	1,250	3,968
Total current liabilities	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>3,968</u>
Net assets:					
Unrestricted	1,765,159	-	-	1,765,159	1,675,208
Temporarily restricted	-	65,949	-	65,949	26,995
Permanently restricted	-	-	250,000	250,000	250,000
Total net assets	<u>1,765,159</u>	<u>65,949</u>	<u>250,000</u>	<u>2,081,108</u>	<u>1,952,203</u>
Total liabilities and net assets	<u>\$ 1,766,409</u>	<u>65,949</u>	<u>250,000</u>	<u>2,082,358</u>	<u>1,956,171</u>

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2015

	2015			Total	2014 Total (For Comparative Purposes Only)
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenue:					
Contributions and other donations	\$ 491,350	35,000	-	526,350	187,996
Annual appeal	48,815	-	-	48,815	36,024
Meal payments	144,231	-	-	144,231	150,440
Special events	10,932	-	-	10,932	9,178
Investment income, net	(12,688)	-	-	(12,688)	114,140
Gain on beneficial interest in trust	-	3,954	-	3,954	5,653
Other	-	-	-	-	485
Total support and revenue	<u>682,640</u>	<u>38,954</u>	<u>-</u>	<u>721,594</u>	<u>503,916</u>
Expenses:					
Program services	478,571	-	-	478,571	482,019
General and administrative	101,282	-	-	101,282	49,729
Fundraising	12,836	-	-	12,836	9,575
Total expenses	<u>592,689</u>	<u>-</u>	<u>-</u>	<u>592,689</u>	<u>541,323</u>
Change in net assets	<u>89,951</u>	<u>38,954</u>	<u>-</u>	<u>128,905</u>	<u>(37,407)</u>
Net assets - beginning of year	<u>1,675,208</u>	<u>26,995</u>	<u>250,000</u>	<u>1,952,203</u>	<u>1,989,610</u>
Net assets - end of year	<u>\$ 1,765,159</u>	<u>65,949</u>	<u>250,000</u>	<u>2,081,108</u>	<u>1,952,203</u>

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Statement of Functional Expenses
Year Ended December 31, 2015

	2015			Total Expenses	2014 Total (For Comparative Purposes Only)
	Program Services	General and Administrative	Fundraising		
Salaries and wages	\$ 163,676	27,500	1,394	192,570	154,469
Personnel insurance	2,652	1,265	60	3,977	9,646
Total salaries and related expenses	<u>166,328</u>	<u>28,765</u>	<u>1,454</u>	<u>196,547</u>	<u>164,115</u>
Meal operations	245,762	-	-	245,762	288,851
Utilities	17,082	3,359	-	20,441	19,909
Insurance	4,427	-	-	4,427	6,777
Fundraising	-	-	11,332	11,332	8,427
Telephone	3,497	973	50	4,520	1,835
Professional fees	-	47,638	-	47,638	17,657
Postage	1,879	579	-	2,458	1,929
Repairs and maintenance	13,193	1,854	-	15,047	12,189
Miscellaneous	7,589	15,270	-	22,859	4,907
Office expense	<u>9,696</u>	<u>2,144</u>	<u>-</u>	<u>11,840</u>	<u>6,094</u>
Total expenses before depreciation	<u>469,453</u>	<u>100,582</u>	<u>12,836</u>	<u>582,871</u>	<u>532,690</u>
Depreciation	<u>9,118</u>	<u>700</u>	<u>-</u>	<u>9,818</u>	<u>8,633</u>
Total expenses	<u>\$ 478,571</u>	<u>101,282</u>	<u>12,836</u>	<u>592,689</u>	<u>541,323</u>

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Statement of Cash Flows
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u> Total (For Comparative Purposes Only)
Cash flows from operating activities:		
Change in net assets	\$ 128,905	\$ (37,407)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	9,818	8,633
Realized and unrealized investment (gain) loss	52,735	(72,263)
Gain on beneficial interest in trust	(3,954)	(5,653)
Distribution from trust	-	4,565
(Increase) decrease in:		
Inventory	-	(2,125)
Interest receivable	933	5,480
Bequests receivable	(127,000)	56,670
Prepaid expenses	-	356
Increase (decrease) in:		
Accounts payable	(2,718)	(8,810)
Total adjustments	<u>(70,186)</u>	<u>(13,147)</u>
Net cash flows from operating activities	<u>58,719</u>	<u>(50,554)</u>
Cash flows from investing activities:		
Purchase of fixed assets	(9,457)	(9,408)
Purchase of investments	(149,221)	(82,658)
Proceeds from sale of investments	<u>268,247</u>	<u>35,396</u>
Net cash flows from investing activities	<u>109,569</u>	<u>(56,670)</u>
Increase (decrease) in cash and cash equivalents	168,288	(107,224)
Cash and cash equivalents - beginning of year	<u>59,594</u>	<u>166,818</u>
Cash and cash equivalents - end of year	<u>\$ 227,882</u>	<u>\$ 59,594</u>

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements

December 31, 2015

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Meals on Wheels of Sarasota, Inc. (“the Organization”), formerly known as Community Mobile Meals of Sarasota, Inc., is a nonprofit, private operation organized in 1971 for the purpose of preparing and delivering hot nutritious meals for individuals and families in the Sarasota community who are unable to afford and/or physically prepare a meal for themselves. The meals are delivered by volunteer drivers six days a week. During 2015, approximately 151,200 total meals were delivered to targeted beneficiaries.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Income Tax Status

The Organization has been determined to be an organization exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2015. The Organization’s federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Cash Equivalents and Short-term Investments

For purposes of the statement of cash flows, the Organization considers all highly liquid investments that are not included in brokerage accounts and are available for current use with an original maturity of three months or less to be cash equivalents. Money market funds held by in brokerage accounts are classified as short-term investments.

Contributions

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements – Continued

December 31, 2015

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Inventory

Inventories are stated at the lower-of-cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of food and paper items used in the preparation and delivery of meals.

Property and Equipment

Property and equipment with estimated useful lives exceeding 2 years are capitalized and stated at cost. Expenditures for repairs which do not materially prolong the useful lives of the related assets are charged to operating expenses as incurred. Depreciation expense is calculated under the straight-line method over the estimated useful lives from 3 to 30 years.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets.

Estimates

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

Functional Allocation of Expenses

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

Note 2 – Concentration of Credit Risk:

The Organization maintains its cash balances at local financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer. There are no accounts in excess of this limit as of December 31, 2015. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Note 3 – Bequests Receivable:

The Organization is oftentimes named a beneficiary of various estates and trusts. When a trust or estate is approved by the court, the Organization recognizes the estimated benefit as income in the period in which it became an irrevocable pledge. The trustee, or other distributor, will notify the Organization of the estimated benefit to be received. Amounts expected but not yet received at the balance sheet date are reported as bequests receivable as of such date.

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements – Continued

December 31, 2015

Note 4 – Donated Materials and Services:

During the year, volunteers spent approximately 13,900 hours preparing and 20,200 hours delivering meals and 1,000 hours in the office. The value of these services is not reflected in the accompanying financial statement since they do not meet the criteria for recognition.

At times, a local food bank donates unused food to the Organization to be used in meal preparations. The estimated value of the donated goods is reflected as gifts in kind and meal operations in the financial statements at the price the Organization would have paid for the goods had they not been donated.

Note 5 – Property and Equipment:

Property and equipment consist of the following:

Building	\$ 172,690
Building improvements	35,124
Furniture and fixtures	3,983
Equipment	<u>86,992</u>
Total property and equipment	298,789
Less - accumulated depreciation	<u>(242,815)</u>
Net property and equipment	<u>\$ 55,974</u>

Note 6 – Investments:

The components of investments at December 31, 2015 are summarized as follows:

	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Money market accounts	\$ 81,730	81,730	-
U.S. Treasuries	109,912	111,289	1,377
Corporate bonds	63,632	65,453	1,821
Municipal bonds	15,169	15,169	-
Equities	676,238	752,799	76,561
Other	123,889	120,897	(2,992)
Investments in community foundations	<u>229,543</u>	<u>229,543</u>	<u>-</u>
Total	<u>\$ 1,300,113</u>	<u>1,376,880</u>	<u>76,767</u>

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements – Continued

December 31, 2015

Note 6 – Investments – Continued:

Investment income from cash equivalents and investments is comprised of the following for the year ended December 31, 2015:

Dividends and interest	\$	41,010
Realized and unrealized loss		(52,735)
Investment expenses		(963)
Total	\$	<u>(12,688)</u>

Note 7 – Temporarily Restricted Net Assets:

Temporarily restricted net assets as of December 31, 2015 are available for the following:

Purpose restrictions:		
Building construction or maintenance and equipment purchase, repair or maintenance	\$	30,949
Facility renovation		<u>35,000</u>
Total	\$	<u>\$65,949</u>

Note 8 – Permanently Restricted Net Assets:

Permanently restricted net assets represent funds held in a donor-advised endowment at an outside foundation, whose principal may not be invaded. Permanently restricted net assets as of December 31, 2015 are comprised of:

Benderson Family Fund	\$	<u>250,000</u>
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Note 9 – Fair Value of Financial Assets and Liabilities:

The Organization has adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2015, and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publically traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements – Continued
December 31, 2015

Note 9 – Fair Value of Financial Assets and Liabilities – Continued:

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Organization’s assumptions based on the best information available in the circumstance.

Financial assets at fair value on a recurring basis at December 31, 2015:

Description	Dec 31, 2015	Financial Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 81,730	81,730	-	-
U.S. Treasuries	111,289	111,289	-	-
Corporate bonds	65,453	65,453	-	-
Municipal bonds	15,169	15,169	-	-
Equities	752,799	752,799	-	-
Other	120,897	120,897	-	-
Investments in community foundations	229,543	-	-	229,543
Beneficial interest in trust	280,949	-	-	280,949
Total financial assets at fair value	\$ 1,657,829	1,147,337	-	510,492

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended December 31, 2015:

	Beneficial Interest In Trust	Investments In Community Foundations	Total
Balance – December 31, 2015	\$ 276,995	234,333	511,328
Investment income, net	3,954	(4,790)	(836)
Funds released from restriction	-	-	-
Balance – December 31, 2016	\$ 280,949	229,543	510,492

Note 10 – Subsequent Events:

Subsequent events have been evaluated through May 23, 2016, which is the date the financial statements were available to be issued.