

**Meals on Wheels of Sarasota, Inc.**

**Financial Statements**

December 31, 2018

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## **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, 2018, 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, 2018, 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 2017 financial statements, and our report dated April 5, 2018 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sarasota, Florida  
April 24, 2019

**Meals on Wheels of Sarasota, Inc.**

**Statement of Financial Position**  
December 31, 2018

	<u>ASSETS</u>			2017 Total (For Comparative Purposes Only)
	2018			
	Without Donor Restrictions	With Donor Restrictions	Total	
Current assets:				
Cash and cash equivalents	\$ 168,599	-	168,599	120,922
Inventory	8,266	-	8,266	8,266
Contributions receivable	15,135	-	15,135	59,940
Other receivables	-	-	-	6,000
Interest receivable	1,177	-	1,177	1,177
Prepaid expenses	2,784	-	2,784	2,784
Total current assets	<u>195,961</u>	<u>-</u>	<u>195,961</u>	<u>199,089</u>
Property and equipment, net	169,776	-	169,776	116,012
Beneficial interest in trust	-	237,739	237,739	244,882
Investments, at fair value	<u>1,387,119</u>	<u>-</u>	<u>1,387,119</u>	<u>1,481,953</u>
Total assets	<u>\$ 1,752,856</u>	<u>237,739</u>	<u>1,990,595</u>	<u>2,041,936</u>
	<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:				
Accounts payable	\$ 6,510	-	6,510	6,356
Deposits	17,263	-	17,263	16,279
Deferred revenue	17,827	-	17,827	2,730
Total current liabilities	<u>41,600</u>	<u>-</u>	<u>41,600</u>	<u>25,365</u>
Net assets:				
Without donor restrictions	1,711,256	-	1,711,256	1,739,221
With donor restrictions	-	237,739	237,739	277,350
Total net assets	<u>1,711,256</u>	<u>237,739</u>	<u>1,948,995</u>	<u>2,016,571</u>
Total liabilities and net assets	<u>\$ 1,752,856</u>	<u>237,739</u>	<u>1,990,595</u>	<u>2,041,936</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, 2018

	2018		Total	2017
	Without Donor Restrictions	With Donor Restrictions		Total (For Comparative Purposes Only)
<b>Support and revenue:</b>				
Contributions and grants	493,834	-	493,834	364,648
Annual appeal	46,077	-	46,077	34,302
Meal payments	182,795	-	182,795	167,894
Special events	19,080	-	19,080	11,861
Investment income (loss), net	(44,679)	-	(44,679)	220,237
Gain on beneficial interest in trust	-	4,992	4,992	4,352
Other	50	-	50	353
Net assets released from restrictions	<u>44,603</u>	<u>(44,603)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>741,760</u>	<u>(39,611)</u>	<u>702,149</u>	<u>803,647</u>
<b>Expenses:</b>				
Program services	635,430	-	635,430	549,604
General and administrative	102,903	-	102,903	139,984
Fundraising	<u>31,392</u>	<u>-</u>	<u>31,392</u>	<u>14,537</u>
Total expenses	<u>769,725</u>	<u>-</u>	<u>769,725</u>	<u>704,125</u>
Change in net assets	<u>(27,965)</u>	<u>(39,611)</u>	<u>(67,576)</u>	<u>99,522</u>
Net assets - beginning of year	<u>1,739,221</u>	<u>277,350</u>	<u>2,016,571</u>	<u>2,081,108</u>
Net assets - end of year	<u>\$ 1,711,256</u>	<u>237,739</u>	<u>1,948,995</u>	<u>2,180,630</u>

See accompanying notes to financial statements.

**Meals on Wheels of Sarasota, Inc.**

**Statement of Functional Expenses**  
Year Ended December 31, 2018

	2018			Total Expenses	2017 Total (For Comparative Purposes Only)
	Program Services	General and Administrative	Fundraising		
Salaries and wages	\$ 257,905	37,076	-	294,981	291,472
Meal operations	282,589	-	-	282,589	296,691
Utilities	18,705	1,768	-	20,473	20,556
Insurance	8,082	-	-	8,082	7,524
Fundraising	-	-	31,392	31,392	25,958
Telephone	3,862	429	-	4,291	3,120
Professional fees	-	34,123	-	34,123	50,062
Contract services	-	-	-	-	-
Computer consulting	-	19,593	-	19,593	11,650
Postage	2,850	317	-	3,167	3,405
Repairs and maintenance	15,982	-	-	15,982	28,526
Miscellaneous	18,825	5,822	-	24,647	19,871
Office expense	5,128	3,775	-	8,903	8,049
	<u>613,928</u>	<u>102,903</u>	<u>31,392</u>	<u>748,223</u>	<u>766,884</u>
Total expenses before depreciation					
Depreciation	21,502	-	-	21,502	12,013
	<u>21,502</u>	<u>-</u>	<u>-</u>	<u>21,502</u>	<u>12,013</u>
Total expenses	<u>\$ 635,430</u>	<u>102,903</u>	<u>31,392</u>	<u>769,725</u>	<u>778,897</u>

See accompanying notes to financial statements.

**Meals on Wheels of Sarasota, Inc.**

**Statement of Cash Flows**  
Year Ended December 31, 2018

	<u>2018</u>	2017 Total (For Comparative Purposes Only)
<b>Cash flows from operating activities:</b>		
Change in net assets	<u>\$ (67,576)</u>	<u>\$ 99,522</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	21,502	12,013
Realized and unrealized investment loss (gain)	80,092	(68,991)
Gain on beneficial interest in trust	(4,992)	(2,755)
(Increase) decrease in:		
Interest receivable	-	613
Contributions receivable	44,805	112,394
Other receivables	6,000	-
Beneficial interest in trust	12,135	18,225
Increase (decrease) in:		
Accounts payable	154	5,106
Deposits	984	10,215
Deferred revenue	15,097	4,657
Total adjustments	<u>175,777</u>	<u>91,477</u>
Net cash flows from operating activities	<u>108,201</u>	<u>190,999</u>
<b>Cash flows from investing activities:</b>		
Reinvested interest and dividends	(35,258)	(34,057)
Purchase of fixed assets	(75,266)	(13,125)
Purchase of investments	-	(256,188)
Proceeds from sale of investments	50,000	256,188
Net cash flows from investing activities	<u>(60,524)</u>	<u>(47,182)</u>
Decrease in cash and cash equivalents	47,677	143,817
Cash and cash equivalents - beginning of year	<u>120,922</u>	<u>227,882</u>
Cash and cash equivalents - end of year	<u>\$ 168,599</u>	<u>\$ 371,699</u>

See accompanying notes to financial statements.

## Meals on Wheels of Sarasota, Inc.

### Notes to Financial Statements

December 31, 2018

#### **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 2018, approximately 144,900 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 without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### 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, 2018. 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.



## Meals on Wheels of Sarasota, Inc.

### Notes to Financial Statements – Continued

December 31, 2018

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

##### 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.

##### 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 a cost of \$1,000 or more and an estimated useful life exceeding two years is 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, 2018. 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, 2018

**Note 4 – Donated Materials and Services:**

During the year, volunteers spent approximately 10,000 hours preparing and 34,552 hours delivering meals and 5,008 hours in the office. Volunteer drivers deliver meals Monday through Saturday using their own vehicles. An average of 639 miles in total are driven daily and drivers are not reimbursed for this cost. 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	\$ 161,625
Building improvements	95,334
Furniture and fixtures	1,546
Equipment	<u>150,968</u>
Total property and equipment	409,473
Less - accumulated depreciation	<u>(239,697)</u>
Net property and equipment	<u>\$ 169,776</u>

**Note 6 – Investments:**

The components of investments at December 31, 2018 are summarized as follows:

	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Money market accounts	\$ 18,510	18,510	-
Equities	811,725	1,006,598	194,873
Other	68,689	95,787	27,098
Investments in community foundations	266,224	266,224	-
Total	<u>\$ 1,165,148</u>	<u>1,387,119</u>	<u>221,971</u>

Investment income from cash equivalents and investments is comprised of the following for the year ended December 31, 2018:

Dividends and interest	\$ 35,413
Realized and unrealized loss	(80,092)
Investment expenses	(871)
Total	<u>\$ (45,550)</u>

**Meals on Wheels of Sarasota, Inc.**

**Notes to Financial Statements – Continued**

December 31, 2018

**Note 7 – Net Assets With Donor Restrictions:**

Net assets with donor restrictions as of December 31, 2018 are as follows:

Subject to expenditure for specific purpose:	
Building construction or maintenance and equipment purchase, repair or maintenance	\$ (12,261)
Not subject to spending policy or appropriation:	
Beneficial interest in trust	<u>250,000</u>
Total	<u>\$ 237,739</u>

**Note 8 – 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, 2018, 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.

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.

**Meals on Wheels of Sarasota, Inc.**

**Notes to Financial Statements – Continued**

December 31, 2018

**Note 8 – Fair Value of Financial Assets and Liabilities – Continued:**

Financial assets at fair value on a recurring basis at December 31, 2018:

Description	Dec 31, 2018	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	\$ 18,510	18,510	-	-
Equities	1,006,598	1,006,598	-	-
Other	95,787	95,787	-	-
Investments in community Foundations	266,224	-	-	266,224
Beneficial interest in trust	237,739	-	-	237,739
Total financial assets at fair value	\$ <u>1,726,835</u>	<u>1,197,071</u>	<u>-</u>	<u>529,764</u>

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, 2018:

	Beneficial Interest In Trust	Investments In Community Foundations	Total
Balance – December 31, 2017	\$ 244,882	284,883	529,765
Investment income, net	4,992	(18,659)	(13,667)
Distributions from fund	(12,135)	-	(12,135)
Balance – December 31, 2018	\$ <u>237,739</u>	<u>266,224</u>	<u>503,963</u>

**Note 9 – Liquidity:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, include all assets except for net property and equipment. These available assets total \$1,583,080.

**Note 10 – Subsequent Events:**

Subsequent events have been evaluated through April 24, 2019, which is the date the financial statements were available to be issued.