

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

**Financial Statements**

December 31, 2021

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**CAVANAUGH & CO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

**Opinion**

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, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels of Sarasota, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels of Sarasota, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels of Sarasota, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels of Sarasota, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels of Sarasota, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Cammyl, Co. LLP*

Sarasota, Florida  
June 9, 2022

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

**Statement of Financial Position**  
 December 31, 2021  
 (with comparative totals for 2020)

	<u>ASSETS</u>			2020
	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Current assets:</b>				
Cash and cash equivalents	\$ 214,413	-	214,413	817,878
Inventory	18,295	-	18,295	10,189
Contributions receivable	-	-	-	65,052
Other receivables	15,000	-	15,000	-
Prepaid expenses	4,278	-	4,278	5,206
Total current assets	<u>251,986</u>	<u>-</u>	<u>251,986</u>	<u>898,325</u>
Property and equipment, net	174,528	-	174,528	153,293
Beneficial interest in trust	-	322,194	322,194	292,188
Investments, at fair value	<u>2,312,298</u>	<u>-</u>	<u>2,312,298</u>	<u>1,589,904</u>
Total assets	<u>\$ 2,738,812</u>	<u>322,194</u>	<u>3,061,006</u>	<u>2,933,710</u>
	<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	\$ 26,150	-	26,150	12,790
Deferred revenue	-	-	-	1,035
Refundable advance - PPP loan	-	-	-	67,439
Total current liabilities	<u>26,150</u>	<u>-</u>	<u>26,150</u>	<u>81,264</u>
<b>Net assets:</b>				
Without donor restrictions	2,712,662	-	2,712,662	2,560,258
With donor restrictions	-	322,194	322,194	292,188
Total net assets	<u>2,712,662</u>	<u>322,194</u>	<u>3,034,856</u>	<u>2,852,446</u>
Total liabilities and net assets	<u>\$ 2,738,812</u>	<u>322,194</u>	<u>3,061,006</u>	<u>2,933,710</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, 2021  
 (with comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Support and revenue:</b>				
Contributions and grants	\$ 977,703	-	977,703	1,800,371
Meal payments	175,506	-	175,506	225,021
Gifts in kind	-	-	-	86,020
Investment income (loss), net	254,956	-	254,956	144,535
Change in value of beneficial interest in trust	-	40,072	40,072	52,172
PPP loan forgiveness	67,439	-	67,439	-
Other	7,080	-	7,080	4,282
Net assets released from restrictions	<u>10,066</u>	<u>(10,066)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>1,492,750</u>	<u>30,006</u>	<u>1,522,756</u>	<u>2,312,401</u>
<b>Expenses:</b>				
Program services	1,120,470	-	1,120,470	1,335,186
General and administrative	190,110	-	190,110	100,480
Fundraising	<u>29,766</u>	<u>-</u>	<u>29,766</u>	<u>64,850</u>
<b>Total expenses</b>	<u>1,340,346</u>	<u>-</u>	<u>1,340,346</u>	<u>1,500,516</u>
<b>Change in net assets</b>	<u>152,404</u>	<u>30,006</u>	<u>182,410</u>	<u>811,885</u>
<b>Net assets - beginning of year</b>	<u>2,560,258</u>	<u>292,188</u>	<u>2,852,446</u>	<u>2,040,561</u>
<b>Net assets - end of year</b>	<u>\$ 2,712,662</u>	<u>322,194</u>	<u>3,034,856</u>	<u>2,852,446</u>

See accompanying notes to financial statements.

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

**Statement of Functional Expenses**  
 Year Ended December 31, 2021  
 (with comparative totals for 2020)

	2021			Total Expenses	2020
	Program Services	General and Administrative	Fundraising		
Salaries and wages	\$ 449,998	66,282	-	516,280	401,285
Meal operations	531,024	-	-	531,024	796,622
Utilities	15,396	1,711	-	17,107	21,166
Insurance	13,069	4,882	-	17,951	10,670
Fundraising	-	-	29,766	29,766	64,850
Volunteer expense	2,954	-	-	2,954	9,034
Telephone	7,308	812	-	8,120	10,034
Professional fees	7,717	106,088	-	113,805	64,517
Technology	22,991	2,555	-	25,546	26,224
Postage	3,026	336	-	3,362	4,734
Repairs and maintenance	11,636	1,293	-	12,929	17,105
Miscellaneous	14,981	1,665	-	16,646	14,938
Office expense	12,159	1,351	-	13,510	29,585
Total expenses before depreciation	<u>1,092,259</u>	<u>186,975</u>	<u>29,766</u>	<u>1,309,000</u>	<u>1,470,764</u>
Depreciation	<u>28,211</u>	<u>3,135</u>	<u>-</u>	<u>31,346</u>	<u>29,752</u>
Total expenses	<u>\$ 1,120,470</u>	<u>190,110</u>	<u>29,766</u>	<u>1,340,346</u>	<u>1,500,516</u>

See accompanying notes to financial statements.

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

**Statement of Cash Flows**  
 Year Ended December 31, 2021  
 (with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 182,410	\$ 811,885
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	31,346	29,752
Realized and unrealized investment gain	(228,635)	(106,059)
Change in value of beneficial interest in trust, net of distributions	(30,006)	(42,172)
(Increase) decrease in:		
Inventory	(8,106)	(4,189)
Interest receivable	-	1,177
Contributions receivable	65,052	(35,481)
Other receivables	(15,000)	-
Prepaid expenses	928	(1,907)
Increase (decrease) in:		
Accounts payable and accrued expenses	13,360	5,831
Deposits	-	(15,969)
Deferred revenue	(1,035)	(23,486)
Refundable advance - PPP loan	<u>(67,439)</u>	<u>67,439</u>
Total adjustments	<u>(239,535)</u>	<u>(125,064)</u>
Net cash flows from operating activities	<u>(57,125)</u>	<u>686,821</u>
<b>Cash flows from investing activities:</b>		
Reinvested interest and dividends	(493,759)	(15,833)
Purchase of fixed assets	(52,581)	(34,276)
Proceeds from sale of investments	<u>-</u>	<u>68,000</u>
Net cash flows from investing activities	<u>(546,340)</u>	<u>17,891</u>
(Decrease) Increase in cash and cash equivalents	(603,465)	704,712
Cash and cash equivalents - beginning of year	<u>817,878</u>	<u>113,166</u>
Cash and cash equivalents - end of year	\$ <u>214,413</u>	\$ <u>817,878</u>

See accompanying notes to financial statements.



## Meals on Wheels of Sarasota, Inc.

### Notes to Financial Statements

December 31, 2021

#### 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 2021, approximately 172,000 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, 2021. 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 in brokerage accounts are classified as short-term investments.

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

**Notes to Financial Statements – Continued**

December 31, 2021

**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

Purchased food inventory is stated at the lower of cost or net realizable value using the first - in first-out method. Donated food inventory is valued at the approximated average wholesale value of one pound of donated product.

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

Beneficial Interest in Trust

The Organization is a beneficiary of a trust which it has the irrevocable right to receive the income earned on the trust assets in perpetuity but never receives the assets held in trust. The beneficial interest in the trust is classified as net assets with donor restrictions. The beneficial interest in the trust is recorded at fair value based on the fair value of the underlying assets determined by information provided by the trustee of the trust. The change in fair value is recognized as gains and losses with donor restrictions.

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.

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

**Notes to Financial Statements – Continued**

December 31, 2021

**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, 2021. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

**Note 3 – Donated Services:**

During the year, volunteers spent approximately 113,000 hours preparing and delivering meals and also performing office tasks. Volunteer drivers deliver meals Monday through Saturday using their own vehicles. An estimated 348,000 miles in total are driven annually 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.

**Note 4 – Property and Equipment:**

Property and equipment consist of the following:

Building	\$ 161,625
Building improvements	147,915
Furniture and fixtures	1,546
Equipment	<u>185,244</u>
Total property and equipment	496,330
Less - accumulated depreciation	<u>(321,802)</u>
Net property and equipment	<u>\$ 174,528</u>

**Note 5 – Investments:**

Investments, at fair value, at December 31, 2021 are summarized as follows:

Cash	\$ 45,744
U.S. equities	952,103
International equities	134,724
Taxable fixed income	576,169
Mixed assets	171,176
Other	29,046
Investments in community foundations	<u>403,336</u>
Total	<u>\$ 2,312,298</u>

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

Dividends and interest	\$ 40,883
Realized and unrealized loss	228,635
Investment expenses	<u>(14,562)</u>
Total	<u>\$ 254,956</u>

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

**Notes to Financial Statements – Continued**

December 31, 2021

**Note 6 – Refundable Advance – PPP Loan:**

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act was signed into law. One component of the CARES Act was the paycheck protection program (“PPP”) which provides small businesses, including not-for-profit organizations, with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

The Organization applied for and was accepted to participate in this program. In May 2020, the Organization received funding of \$67,439. The loan is a two-year loan with a maturity date of May 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first six monthly payments deferred. It is the Organization’s intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The Organization is eligible for loan forgiveness in an amount equal to payments made during the 24-week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. The Organization used all loan proceeds to partially subsidize direct payroll expenses.

The Organization considers this a conditional grant with revenue recognized as the conditions are substantially met. Management believes the final review and approval of the application for loan forgiveness is a significant condition. The Organization applied for and received forgiveness of this loan under this program. Accordingly, revenue of \$67,439 is recognized for the year ended December 31, 2021.

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

Net assets with donor restrictions as of December 31, 2021 are as follows:

Subject to expenditure for specific purpose:	
Building construction or maintenance and equipment purchase, repair or maintenance	\$ 72,194
Not subject to spending policy or appropriation:	
Beneficial interest in trust	<u>250,000</u>
Total	<u>\$ 322,194</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.

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

**Notes to Financial Statements – Continued**

December 31, 2021

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

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, 2021, and indicate the 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.

Financial assets at fair value on a recurring basis at December 31, 2021:

Description	Dec 31, 2021	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)
Cash	\$ 45,744	45,744	-	-
U.S. equities	952,103	952,103	-	-
International equities	134,724	134,724	-	-
Taxable fixed income	576,169	576,169	-	-
Mixed assets	171,176	171,176	-	-
Other	29,046	29,046	-	-
Investments in community Foundations	403,336	-	-	403,336
Beneficial interest in trust	322,194	-	-	322,194
Total financial assets at fair value	\$ 2,634,492	1,908,962	-	725,530

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

**Notes to Financial Statements – Continued**

December 31, 2021

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

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, 2021:

	Beneficial Interest In Trust	Investments In Community Foundations	Total
Balance – December 31, 2020	\$ 292,188	356,392	648,580
Investment income, net	40,072	46,944	87,016
Distributions from fund	(10,066)	-	(10,066)
Balance – December 31, 2021	<u>\$ 322,194</u>	<u>403,336</u>	<u>725,530</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 the following.

Cash and cash equivalents	\$ 214,413
Investments	<u>2,312,298</u>
Total	<u>\$ 2,526,711</u>

**Note 10 – Commitments:**

The Organization leases a copier under an operating lease. Terms of the lease call for monthly payments of \$291 through July 2024. Lease expense for the year ended December 31, 2021 was \$3,454. Future payments under this lease for years ending December 31 are as follows:

2022	\$ 3,492
2023	3,492
2024	2,037

**Note 11– Functionalized Expenses:**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy costs and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

**Note 12 – Subsequent Events:**

Subsequent events have been evaluated through June 9, 2022, which is the date the financial statements were available to be issued.