

Meals on Wheels of Sarasota, Inc.

Financial Statements

December 31, 2020

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i
FINANCIAL STATEMENTS:	
Statement of Financial Position	1
Statement of Activities and Changes in Net Assets	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10



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, 2020, 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, 2020, 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 2019 financial statements, and our report dated May 6, 2020 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cavanaugh & Co, LLP

Sarasota, Florida
May 5, 2021

Meals on Wheels of Sarasota, Inc.

Statement of Financial Position
 December 31, 2020
 (with comparative totals for 2019)

ASSETS

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019
Current assets:				
Cash and cash equivalents	\$ 817,878	-	817,878	113,166
Inventory	10,189	-	10,189	6,000
Contributions receivable	65,052	-	65,052	29,571
Interest receivable	-	-	-	1,177
Prepaid expenses	5,206	-	5,206	3,299
Total current assets	898,325	-	898,325	153,213
Property and equipment, net	153,293	-	153,293	148,769
Beneficial interest in trust	-	292,188	292,188	250,016
Investments, at fair value	1,589,904	-	1,589,904	1,536,012
Total assets	\$ 2,641,522	292,188	2,933,710	2,088,010

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable and accrued expen	\$ 12,790	-	12,790	6,959
Deposits	-	-	-	15,969
Deferred revenue	1,035	-	1,035	24,521
Refundable advance - PPP loan	67,439	-	67,439	-
Total current liabilities	81,264	-	81,264	47,449
Net assets:				
Without donor restrictions	2,560,258	-	2,560,258	1,790,545
With donor restrictions	-	292,188	292,188	250,016
Total net assets	2,560,258	292,188	2,852,446	2,040,561
Total liabilities and net assets	\$ 2,641,522	292,188	2,933,710	2,088,010

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020

(with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions and grants	\$ 1,742,345	-	1,742,345	494,756
Meal payments	225,021	-	225,021	210,104
Special events	58,026	-	58,026	72,618
Gifts in kind	86,020	-	86,020	-
Investment income (loss), net	144,535	-	144,535	278,900
Change in value of beneficial interest in trust	-	52,172	52,172	4,837
Other	4,282	-	4,282	4,168
Net assets released from restrictions	10,000	(10,000)	-	-
Total support and revenue	2,270,229	42,172	2,312,401	1,065,383
Expenses:				
Program services	1,335,186	-	1,335,186	845,125
General and administrative	100,480	-	100,480	89,665
Fundraising	64,850	-	64,850	39,027
Total expenses	1,500,516	-	1,500,516	973,817
Change in net assets	769,713	42,172	811,885	91,566
Net assets - beginning of year	1,790,545	250,016	2,040,561	1,948,995
Net assets - end of year	\$ 2,560,258	292,188	2,852,446	2,040,561

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Statement of Functional Expenses
 Year Ended December 31, 2020
 (with comparative totals for 2019)

	2020				2019
	Program Services	General and Administrative	Fundraising	Total Expenses	
Salaries and wages	\$ 351,927	49,358	-	401,285	327,964
Meal operations	796,622	-	-	796,622	396,256
Utilities	19,167	1,999	-	21,166	20,256
Insurance	8,986	1,684	-	10,670	12,490
Fundraising	-	-	64,850	64,850	39,027
Volunteer expense	9,034	-	-	9,034	11,543
Telephone	9,098	936	-	10,034	8,094
Professional fees	30,075	34,442	-	64,517	67,154
Technology	23,602	2,622	-	26,224	13,723
Postage	4,261	473	-	4,734	3,441
Repairs and maintenance	15,395	1,710	-	17,105	22,012
Miscellaneous	13,616	1,322	-	14,938	18,052
Office expense	26,626	2,959	-	29,585	12,798
Total expenses before depreciation	<u>1,308,409</u>	<u>97,505</u>	<u>64,850</u>	<u>1,470,764</u>	<u>952,810</u>
Depreciation	<u>26,777</u>	<u>2,975</u>	<u>-</u>	<u>29,752</u>	<u>21,007</u>
Total expenses	<u>\$ 1,335,186</u>	<u>100,480</u>	<u>64,850</u>	<u>1,500,516</u>	<u>973,817</u>

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Statement of Cash Flows
Year Ended December 31, 2020
(with comparative totals for 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 811,885	\$ 91,566
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	29,752	21,007
Realized and unrealized investment gain	(106,059)	(246,303)
Change in value of beneficial interest in trust, net of distributions	(42,172)	(4,837)
(Increase) decrease in:		
Inventory	(4,189)	2,266
Interest receivable	1,177	-
Contributions receivable	(35,481)	(14,436)
Beneficial interest in trust	-	(7,440)
Prepaid expenses	(1,907)	(515)
Increase (decrease) in:		
Accounts payable and accrued expenses	5,831	449
Deposits	(15,969)	(1,294)
Deferred revenue	(23,486)	6,694
Refundable advance - PPP loan	67,439	-
Total adjustments	(125,064)	(244,409)
Net cash flows from operating activities	686,821	(152,843)
Cash flows from investing activities:		
Reinvested interest and dividends	(15,833)	(41,287)
Purchase of fixed assets	(34,276)	-
Purchase of investments	-	(1,493,426)
Proceeds from sale of investments	68,000	1,632,123
Net cash flows from investing activities	17,891	97,410
(Decrease) Increase in cash and cash equivalents	704,712	(55,433)
Cash and cash equivalents - beginning of year	113,166	168,599
Cash and cash equivalents - end of year	\$ 817,878	\$ 113,166
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Unrelated business income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Accounts payable for property and equipment	\$ -	\$ -
Equipment financed through capital lease arrangement	\$ -	\$ -

See accompanying notes to financial statements.

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements

December 31, 2020

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 2020, approximately 180,000 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, 2020. 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, 2020

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 at the national level as outlined in the *Product Valuation Survey Methodology* prepared annually by Feeding America. This value was \$1.62 per pound as of December 31, 2020. U.S. Department of Agriculture (USDA) donated food inventory is valued at USDA published rates.

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, 2020

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, 2020. 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 125,000 hours preparing and delivering meals and also performing office tasks. Volunteer drivers deliver meals Monday through Saturday using their own vehicles. An estimated 219,000 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	95,334
Furniture and fixtures	1,546
Equipment	<u>185,244</u>
Total property and equipment	443,749
Less - accumulated depreciation	<u>(290,456)</u>
Net property and equipment	<u>\$ 153,293</u>

Note 5 – Investments:

The components of investments, at fair value, at December 31, 2020 are summarized as follows:

Cash	\$ 14,940
U.S. equities	703,252
International equities	91,553
Taxable fixed income	415,223
Other	8,544
Investments in community foundations	<u>356,392</u>
Total	<u>\$ 1,589,904</u>

Investment income from cash equivalents and investments is comprised of the following for the year ended December 31, 2020:

Dividends and interest	\$ 33,453
Realized and unrealized loss	120,683
Investment expenses	<u>(9,601)</u>
Total	<u>\$ 144,535</u>

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements – Continued
December 31, 2020

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 intends to apply for forgiveness under this program. Accordingly, all of the proceeds from the PPP are recognized as a refundable advance at December 31, 2020.

Note 7 – Net Assets With Donor Restrictions:

Net assets with donor restrictions as of December 31, 2020 are as follows:

Subject to expenditure for specific purpose:	
Building construction or maintenance and equipment purchase, repair or maintenance	\$ 42,188
Not subject to spending policy or appropriation:	
Beneficial interest in trust	<u>250,000</u>
Total	<u>\$ 292,188</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, 2020

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, 2020, 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, 2020:

Description	Dec 31, 2020	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	\$ 14,940	14,940	-	-
U.S. equities	703,252	703,252	-	-
International equities	91,553	91,553	-	-
Taxable fixed income	415,223	415,223	-	-
Other	8,544	8,544	-	-
Investments in community Foundations	356,392	-	-	356,392
Beneficial interest in trust	292,188	-	-	292,188
Total financial assets at fair value	\$ 1,882,092	1,233,512	-	648,580

Meals on Wheels of Sarasota, Inc.

Notes to Financial Statements – Continued

December 31, 2020

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, 2020:

		Beneficial Interest In Trust	Investments In Community Foundations	Total
Balance – December 31, 2019	\$	250,016	318,198	568,214
Investment income, net		52,172	38,194	90,366
Distributions from fund		(10,000)	-	(10,000)
Balance – December 31, 2020	\$	292,188	356,392	648,580

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	\$	817,878
Contributions receivable		65,052
Investments		1,589,904
Total	\$	2,472,834

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, 2020 was \$3,294. Future payments under this lease for years ending December 31 are as follows:

2021	\$	3,492
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 May 5, 2021, which is the date the financial statements were available to be issued.

**MEALS ON WHEELS OF SARASOTA
BOARD OF DIRECTORS' MEETING**

**MICHAEL SAUNDERS REALTY
1605 MAIN STREET, SARASOTA, FL 34236
Wednesday, June 16, 2021**

AGENDA

Item	Topic	Presenter
1.0	Call to Order	
	1.1 Welcome	L. Knepp
2.0	Consent Agenda	
	2.1 Approval of March 17, 2021 meeting minutes	L. Knepp
	2.2 Approval of Executive Director's Report	L. Knepp
3.0	Executive Director's Open Discussion	
	3.1 Open Discussion	M. Broughton
4.0	Matters for Discussion and/or Approval	
	4.1 Report of the Finance Committee 4.1.1 Update and Analysis	J. Maxwell
	4.2 Report of the Governance Committee	J. Esbeck
	4.3 Report of the Marketing/Development Committee 4.3.1 Update	E. Van Riper
5.0	Old Business	
	5.1 Synovous Equity Line - Previously Approved	L. Knepp
6.0	New Business	
	6.1 Presentation and vote on Slate of Officers	J. Esbeck
	6.2 Presentation and vote on Potential Board Members	J. Esbeck
7.0	Closing Remarks	
	7.1 Summary of Meeting and Action Items	L. Knepp
8.0	Confirm Next Meeting & Adjourn	
	8.1 Date of Next Meeting Wednesday, _____	L. Knepp
	<i>MISSION Meals on Wheels of Sarasota delivers nutritious meals to persons in the Sarasota community who are unable to provide or prepare a meal for themselves in their homes.</i>	