

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND

SUMMARIZED FOR DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Meals on Wheels of Loveland/Berthoud, Inc.

We have audited the accompanying financial statements of Meals on Wheels of Loveland/Berthoud, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

See accompanying notes and independent auditor's report.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels of Loveland/Berthoud, Inc. as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Meals on Wheels of Loveland/Berthoud, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 03, 2020. 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.

Firm's signature

Chambers and Associates LLC

Chambers and Associates, LLC

October 25, 2021

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Current assets		
Cash and cash equivalents	\$ 550,112	\$ 284,471
Cash and cash equivalents, restricted	857	1,072
Investments	65,328	164,008
Accounts receivable	33,660	24,965
Endowment fund	201,951	181,768
Inventory	10,535	10,535
Prepaid expense	4,242	4,116
Total current assets	866,685	670,935
Property and equipment		
Building	858,508	858,508
Equipment	302,129	302,129
Land	54,760	54,760
Less accumulated depreciation	(607,676)	(581,890)
Net property and equipment	607,721	633,507
Total assets	\$ 1,474,406	\$ 1,304,442

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 14,675	\$ 26,353
Accrued wages payable	17,478	15,385
Vacation wages payable	16,425	7,652
Credit cards	10,563	9,330
Payroll liabilities	1,566	875
Total current liabilities	60,707	59,595
Net assets		
Without donor restrictions	1,413,699	1,244,847
Total liabilities and net assets	\$ 1,474,406	\$ 1,304,442

See accompanying notes and independent auditor's report.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

	Net Assets without Donor Restrictions 2020	Total 2019
Support and revenue		
Client contributions	\$ 107,966	\$ 131,059
Individual contributions	222,077	108,011
Community Kitchen meals	146,869	73,916
In-kind contributions	1,099	480
Foundations and grants	207,801	111,350
Governmental financial assistance	287,965	250,579
Fundraisers, net	-	59,429
Interest and dividends	6,287	31,113
Unrealized gain (loss) in value of investments	19,816	(85)
Total support and revenue	999,880	765,852
Expenses		
Program services	663,573	617,421
General and administrative	84,884	55,304
Fundraising	82,571	56,768
Total expenses	831,028	729,493
Increase (decrease) in net assets	168,852	36,359
Net assets, beginning of year	1,244,847	1,208,488
Net assets, end of year	\$ 1,413,699	\$ 1,244,847

See accompanying notes and independent auditor's report.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 168,852	\$ 36,359
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	25,786	30,092
(Gain) loss in value of investments	(19,816)	-
(Increase) decrease in assets:		
Change in unconditional promises to give	-	67,372
Accounts receivable	(8,695)	(19,172)
Inventory	-	(1,942)
Prepaid expenses	(126)	(60)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(11,678)	10,561
Accrued wages payable	2,093	2,330
Vacation wages payable	8,773	4,405
Credit cards	1,233	5,375
Payroll liabilities	691	37
Net cash provided by (used in) operating activities	167,113	135,357
Cash flows used in investing activities		
Investments	98,313	(128,022)
Net increase (decrease) investing activities	98,313	(128,022)
Increase (decrease) in net assets	265,426	7,335
Cash and cash equivalents, beginning of year	285,543	278,208
Cash and cash equivalents, end of year	\$ 550,969	\$ 285,543

See accompanying notes and independent auditor's report.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

	Program	General and Administrative	Fundraising	Total 2020	Total 2019
Salaries	\$ 289,943	\$ 18,326	\$ 65,310	\$ 373,579	\$ 311,967
Payroll taxes	22,991	1,474	5,011	29,476	24,991
	-	-			
Total salaries and benefits	312,934	19,800	70,321	403,055	336,958
Food and kitchen supplies	265,898	-	-	265,898	248,313
Operating supplies	10,656	2,281	1,073	14,010	22,034
Advertising & promotion	125	174	99	398	695
Repairs and maintenance	9,346	27,067	-	36,413	6,830
Office supplies	6,551	5,091	5,371	17,013	11,602
Telephone and utilities	23,918	7,972	-	31,890	29,734
Insurance	8,167	2,723	-	10,890	12,940
Licenses, taxes and fees	-	5,998	-	5,998	6,148
Dues, meeting & education	2,423	1,256	5,686	9,365	7,416
Professional fees	552	9,686	21	10,259	15,141
Miscellaneous	53	-	-	53	1,590
	640,623	82,048	82,571	805,242	699,401
Depreciation	22,950	2,836	-	25,786	30,092
Total expenses	\$ 663,573	\$ 84,884	\$ 82,571	\$ 831,028	\$ 729,493

See accompanying notes and independent auditor's report.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities Meals on Wheels of Loveland/Berthoud, Inc. (the Organization) is a nonprofit organization that seeks to nourish and enrich the lives of homebound individuals with nutritious meals and daily contact by caring volunteers in the Loveland and Berthoud areas. The Organization is supported primarily through donor contributions, grants, federal awards, and the United Way.

Basis of Accounting The Organization records and reports all transactions on an accrual basis (i.e., revenues are recorded when earned and expenses are recorded when incurred).

Use of 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 the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation The financial statement presentation follows the professional standards that require the Organization to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Comparative Financial Information The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020 and presents summarized totals only. Such information should be read in conjunction with the 2019 financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash and Cash Equivalents For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Promises to Give Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. When a restriction expires (that is, when a stipulated time restriction ends or the purpose for restriction is accomplished), donor restricted net assets are reclassified to without donor restrictions net assets and reported in the Statement of Activities as net assets released from restrictions

The Organization does not have an allowance for uncollectable unconditional promises receivable because all receivables are considered 100% collectible.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable Accounts receivable consist of program fees charged to participants and are stated at the amount management expects to collect from outstanding balances. No allowance has been deemed necessary by the Organization at December 31, 2020.

In-kind Contributed Goods, Services & Equipment During the year ended December 31, 2020 and 2019 the Organization recorded \$1099 and \$480 as contributed goods, services & equipment.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 8,974 and 18,851 volunteer hours during 2020 and 2019, respectively. The value of these contributed services did not meet the requirements for recognition in the financial statements.

Inventory The Organization records the inventory at the lower of cost or market value, determined on a first-in, first-out basis.

Contributions The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when stipulated time restriction ends or the purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Land, Buildings and Equipment The Organization capitalizes all expenditures for land, building, equipment, and furniture in excess of \$1,000. Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt unless explicit donor stipulations specify how the donated assets must be used. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to fifty years. Costs of repairs and maintenance are charged to operating expenses as they are incurred.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs or support services are allocated based on various statistical relationships.

Advertising The Organization expenses advertising and marketing costs as they are incurred. Expense of advertising for the years ended December 31, 2020 was \$398 and December 31, 2019 was \$695.

Reclassifications Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

2: INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the United States Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

3: FUND RAISING EVENTS

Revenue and expenses from fund raising activities for the year ended December 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Revenue		
Meals on 4th	\$ -	\$ 73,227
Direct Mail	-	39,195
Other	-	3,249
	<u>-</u>	<u>115,671</u>
Expenses		
Meals on 4th	-	41,868
Direct Mail	-	5,767
Other	-	8,607
	<u>-</u>	<u>56,242</u>
	<u>\$ -</u>	<u>\$ 59,429</u>

See accompanying notes and independent auditor's report.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4: INVESTMENTS

Investments are stated at fair market value and consist of stocks and mutual funds. Unrealized gains and losses are included in the change in net assets. Investments as of December 31, 2020 and 2019 are summarized as follows:

<u>December 31, 2020</u>	<u>Cost</u>	<u>FMV</u>
Stocks	\$ 256	\$ 674
Mutual Funds	69,374	64,654
	<u>\$ 69,630</u>	<u>\$ 65,328</u>

<u>December 31, 2019</u>	<u>Cost</u>	<u>FMV</u>
Stocks	\$ 256	\$ 534
Mutual Funds	67,741	62,988
Certificate of deposit	100,000	100,486
	<u>\$ 167,997</u>	<u>\$ 164,008</u>

5: LIQUIDITY

The Organization's goal is to maintain financial assets at a level equal to the replacement cost of major kitchen appliances as well as 90-120 days of operating expenses (approximately \$295,000-\$360,000). As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds.

	<u>as of December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$550,969	\$285,543
Investments	65,328	164,008
Accounts receivable, net	33,660	24,965
Prepaid expenses and other assets	4,242	4,116
	<u>\$654,199</u>	<u>\$478,632</u>

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6: FAIR VALUE MEASUREMENT

The Organization follows the Fair Value Measurements and Disclosures Topic of FASB ASC which requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgement used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgement or estimation.

The following sets forth by level within the fair value hierarchy, investments at fair value as of December 31, 2020 and 2019:

Assets Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 64,654	\$ -	\$ -	\$ 64,654
Stocks	674	-	-	674
Community Foundation	-	201,951	-	201,951
Total	\$ 65,328	\$201,951	\$ -	\$ 267,279

Assets Fair Value as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 62,988	\$ -	\$ -	\$ 62,988
Stocks	534	-	-	534
Certificate of deposit	100,486	-	-	100,486
Community Foundation	-	181,768	-	181,768
Total	\$164,008	\$181,768	\$ -	\$ 345,776

See accompanying notes and independent auditor's report.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization has entered into an agreement with the Community Foundation of Northern Colorado to establish a fund for the support of its operations and programs.

8: CONTINGENCY

The Erion Foundation has imposed the following restrictions on the Organization pertaining to the building purchase and renovation: The Organization shall not encumber the property by mortgage, deed of trust, or other lien, without the consent of the Foundation. The Organization agrees that no other use of the property may be made other than preparation and administration to provide meals to elderly and disabled individuals in the Loveland-Berthoud area without the consent of the Foundation. In the event the property is sold or the Organization dissolves, the proceeds of such sale or the property itself shall be transferred to another charitable organization under Section 501 (c)(3) of the Internal Revenue Code. This Restrictive Covenant shall terminate and be of no further force and effect on August 13, 2024.

9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2021, the date which the financial statements were available to be issued.

At the time these financial statements were issued, the world economy was responding to the novel COVID-19 pandemic. This pandemic is anticipated to negatively affect the U.S. economy during 2020. The Organization is unable to reasonably estimate the amount or scope of the impact that this could have on its financial position. No accruals or adjustments are reflected in the current financial statements to account for the pandemic's potential impacts.