

Meals on Wheels of Loveland/Berthoud, Inc.

Financial Statements

December 31, 2013 and 2012

KITTY PETERSON & ASSOCIATES, PC

231 W 4th STREET
LOVELAND, CO 80537

Phone: 970/663-3564
Fax: 970/663-0955

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Meals on Wheels of Loveland/Berthoud, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years 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

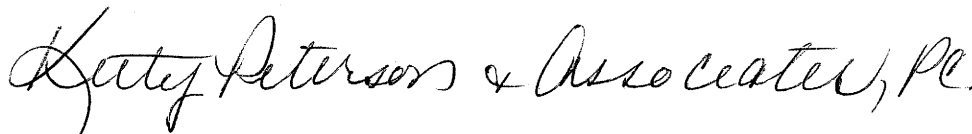
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Kitty Peterson & Associates, PC
August 1, 2014

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 310,774	\$ 273,051
Cash and cash equivalents, restricted	15,234	15,171
Short-term investments	56,371	55,836
Unconditional promises to give		
Unrestricted	60,239	60,342
United Way funding for next fiscal year	9,000	9,000
Accounts receivable	6,303	13,488
Inventory	10,855	7,427
Prepaid expenses	1,990	2,990
Land	54,760	54,760
Property & equipment, net	738,672	780,300
TOTAL ASSETS	\$ 1,264,198	\$ 1,272,365
LIABILITIES		
Accounts payable	\$ 22,206	\$ 12,499
Vacation wages payable	4,159	3,497
Accrued wages	10,084	11,484
Payroll taxes payable	6,252	5,329
Credit card payable	4,019	1,941
Total Liabilities	46,720	34,750
NET ASSETS		
Unrestricted	1,133,005	1,153,102
Temporarily restricted	84,473	84,513
Total Net Assets	1,217,478	1,237,615
TOTAL LIABILITIES AND NET ASSETS	\$ 1,264,198	\$ 1,272,365

See accompanying notes and independent auditor's report

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
 STATEMENTS OF ACTIVITIES
 For the Years Ended December 31, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
Support		
Client contributions	\$ 81,380	\$ 81,545
Individual contributions	29,319	25,566
Community kitchen meals	72,825	72,741
In-kind contributions	17,255	19,442
Volunteer celebration meals	3,174	3,230
Foundations & grants	81,850	66,850
Governmental financial assistance	103,104	97,413
Fund raisers, net	39,193	12,566
Interest and dividend income	5,019	5,731
Unrealized gain on investments	7,685	10,725
Realized gain on investments	5,972	416
United Way designations for current year	23,418	21,733
Total unrestricted support	470,194	417,958
 Net assets released from restrictions	 69,342	 109,837
 Total unrestricted support & reclassifications	 539,536	 527,795
 Expenses		
Program services		
Cost of meals provided	193,714	195,645
Other program services	318,878	296,250
Supporting services		
Management and general	47,041	43,227
Total expenses	559,633	535,122
 (Decrease) in unrestricted net assets	 (20,097)	 (7,327)
 TEMPORARILY RESTRICTED NET ASSETS		
United Way funding for next year	9,000	9,000
Title III	57,119	56,980
City of Loveland	3,120	3,362
Building funds	63	-
Net assets released from restrictions	(69,342)	(109,837)
(Decrease) in temporarily restricted net assets	(40)	(40,495)
(Decrease) in net assets	(20,137)	(47,822)
Net assets at beginning of year	1,237,615	1,285,437
Net assets at end of year	\$ 1,217,478	\$ 1,237,615

See accompanying notes and independent auditor's report

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2013

	Program Service	Support Service	Total Expenses 2013
Salaries and wages	\$ 221,729	\$ 23,818	\$ 245,547
Payroll taxes	18,237	1,959	20,196
Operating supplies	92	-	92
Advertising & promotion	-	132	132
Maintenance & repairs	4,480	-	4,480
Office supplies & expense	5,294	588	5,882
Computer services	-	1,228	1,228
Laundry	2,016	-	2,016
Telephone and utilities	16,169	5,391	21,560
Insurance	6,236	1,842	8,078
Interest	-	9	9
Licenses, taxes and fees	-	2,389	2,389
Dues, meetings, & education	1,853	-	1,853
Background checks	-	158	158
Professional fees	-	4,545	4,545
Volunteer meals	5,921	-	5,921
Grant writing	-	206	206
	282,027	42,265	324,292
Depreciation	36,851	4,776	41,627
Total expenses	\$ 318,878	\$ 47,041	\$ 365,919

See accompanying notes and independent auditor's report

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	<u>Program Service</u>	<u>Support Service</u>	<u>Total Expenses 2012</u>
Salaries and wages	\$ 202,287	\$ 21,833	\$ 224,120
Payroll taxes	17,622	1,899	19,521
Operating supplies	77	-	77
Advertising & promotion	-	91	91
Maintenance & repairs	7,959	-	7,959
Office supplies & expense	2,721	302	3,023
Computer services	-	816	816
Laundry	1,718	-	1,718
Telephone and utilities	12,776	4,260	17,036
Insurance	5,884	1,738	7,622
Licenses, taxes and fees	-	1,610	1,610
Dues, meetings, & education	1,655	-	1,655
Background checks	-	301	301
Professional fees	-	4,374	4,374
Volunteer meals	5,530	-	5,530
Miscellaneous	340	85	425
Grant writing	-	1,034	1,034
	<u>258,569</u>	<u>38,343</u>	<u>296,912</u>
Depreciation	<u>37,681</u>	<u>4,884</u>	<u>42,565</u>
Total expenses	<u>\$ 296,250</u>	<u>\$ 43,227</u>	<u>\$ 339,477</u>

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Changes in net assets	\$ (20,137)	\$ (47,822)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	41,627	42,565
Change in unconditional promises to give		
Unrestricted	103	25,425
Change in accounts receivable	7,185	(8)
Change in inventory	(3,427)	(606)
Change in prepaid insurance	1,000	(1,496)
Change in accounts payable	9,707	(5,613)
Change in accrued vacations	662	(1,125)
Change in accrued wages	(1,400)	3,374
Change in payroll taxes payable	923	75
Change in credit card payable	2,078	(1,658)
	<u>38,321</u>	<u>13,111</u>
Net cash provided by operating activities	38,321	13,111
Cash flows from investment activities		
Short-term investments	(535)	(3,144)
Purchase of property and equipment	-	(2,870)
	<u>(535)</u>	<u>(6,014)</u>
Net cash (used) by investment activities	(535)	(6,014)
Net increase in cash	37,786	7,097
Cash & cash equivalents at beginning of period	<u>288,222</u>	<u>281,125</u>
Cash & cash equivalents at end of period	<u>\$ 326,008</u>	<u>\$ 288,222</u>

See accompanying notes and independent auditor's report

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012

NOTE A – NATURE OF ACTIVITIES AND 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.

Method 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).

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statement of activities as net assets released from restrictions.

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

Inventories

Inventory is recorded at the lower of cost or market value, determined on a first-in, first-out basis.

Contributed Goods, Services & Equipment

During the year ended December 31, 2013 and 2012 the Organization recorded \$17,255 and \$19,442 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 16,382 and 16,650 volunteer hours during 2013 and 2012 respectively. The value of these contributed services did not meet the requirements for recognition in the financial statements.

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 and 2012

NOTE A (continued)

Estimates

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

Property and Equipment

Donations of property and equipment are recorded as unrestricted support at their estimated fair value unless explicit donor stipulations specify how the donated assets must be used. Purchased property and equipment are recorded at cost. Purchases of \$1,000 or more are to be treated as capitalized assets and purchases under \$1,000 are to be expensed. Depreciation expense of \$41,627 for 2013 and \$42,565 for 2012 is computed using the straight-line method over the estimated useful lives of the respective assets. The cost of maintenance and repairs is charged to expense as incurred, significant renewals and betterments are capitalized. Property and equipment is as follows:

	<u>2013</u>	<u>2012</u>
Building	\$ 859,762	\$ 859,762
Equipment	<u>254,063</u>	<u>254,063</u>
	1,113,825	1,113,825
Accumulated Depreciation	<u>(375,153)</u>	<u>(333,525)</u>
	<u>\$ 738,672</u>	<u>\$ 780,300</u>

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments – the money market and certificates of deposit – which are available for current use to be cash equivalents. A summary of interest rates and earnings for 2013 and 2012 are as follows:

Description	<u>2013</u>		<u>2012</u>	
	Rate	Earnings	Rate	Earnings
Mile High Banks - Construction	.24%	73	.65%	100
Mile High Banks - Program	.24%	237	.65%	460
Mile High Banks - Building	.24%	171	.65%	222
Mile High Banks - CD		-	1.21%	237
First Bank Liquid Asset	.05%	15	.100%	10
Edward Jones – Lord Abbot		1,748		1,856
Community Foundation		<u>2,775</u>		<u>2,846</u>
Total		<u>\$ 5,019</u>		<u>\$ 5,731</u>

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 and 2012

NOTE A (continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

NOTE B – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2013</u>	<u>2012</u>
United Way	\$ 9,000	\$ 9,000
Title III	57,119	56,980
Building Addition Fund	15,234	15,171
City of Loveland	<u>3,120</u>	<u>3,362</u>
Total	<u>\$ 84,473</u>	<u>\$ 84,513</u>

NOTE C – PROMISES TO GIVE

Unconditional promises to give consists of the following:

	<u>2013</u>	<u>2012</u>
United Way	\$ 9,000	\$ 9,000
Title III	57,119	56,980
City of Loveland	<u>3,120</u>	<u>3,362</u>
Total	<u>\$ 69,239</u>	<u>\$ 69,342</u>

NOTE D – REVENUE

Support detail consists of the following:

	<u>2013</u>	<u>2012</u>
Governmental Financial Assistance		
Title III	\$ 98,000	\$ 93,050
HSC Grant - City of Loveland	31,729	29,895
NSIP, Cash in Lieu	<u>33,614</u>	<u>34,810</u>
Total	<u>\$ 163,343</u>	<u>\$ 157,755</u>

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012

NOTE E – FUND RAISING EVENTS

Revenue and expenses from fund raising activities for the year ended December, 2013 and 2012 are as follows:

Revenue	<u>2013</u>	<u>2012</u>
Duck Race	\$ -	\$ 105
Sculpture Show Parking	-	786
Loveland 365 books	-	125
Night at the Races	30,836	-
Newsletter	2,708	5,523
Colorado Gives	9,714	4,161
Direct Mail	14,414	4,540
Other	<u>45</u>	<u>175</u>
	57,717	15,415
Expenses		
Night at the Races	12,220	-
Newsletter	-	937
Direct Mail	6,304	1,540
Other	<u>-</u>	<u>372</u>
	18,524	2,849
Net Fundraising Income	<u>\$ 39,193</u>	<u>\$ 12,566</u>

NOTE F – FOUNDATION & GRANT DONATIONS

	<u>2013</u>	<u>2012</u>
Erion Foundation	\$ 6,000	\$ 6,000
A.V. Hunter Trust	5,000	-
Volentine Family	16,000	15,000
Shoup Foundation	-	2,000
Poudre Valley Health Care	-	8,000
Anschutz	5,000	5,000
Daniels Fund	20,000	-
Johnson Foundation	25,000	15,000
Wal-Mart Foundation	750	1,750
Community Foundation of No CO	2,500	2,500
Wells Fargo	-	5,500
Virginia Hill Charitable Trust	-	5,000
Other	<u>1,600</u>	<u>1,100</u>
	<u>\$ 81,850</u>	<u>\$ 66,850</u>

MEALS ON WHEELS OF LOVELAND/BERTHOUD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012

NOTE G – 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 qualified 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.

NOTE H – SUBSEQUENT EVENTS

Events subsequent to December 31, 2013, have been evaluated through August 5, 2014, the date these statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events to be disclosed.