

**MEALS ON WHEELS FOR
FORT COLLINS, COLORADO, INC.**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019 AND

AUDITED FINANCIAL STATEMENTS

SUMMARIZED FOR JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Meals on Wheels for Fort Collins, Colorado, Inc.
Loveland, Colorado

We have audited the accompanying financial statements of Meals on Wheels for Fort Collins, Colorado, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels for Fort Collins, Colorado, Inc. as of June 30, 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 for Fort Collins, Colorado, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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

September 9, 2019

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 and 2018

ASSETS

	2019	2018
Current assets		
Cash and cash equivalents	\$ 35,212	\$ 34,983
Accounts receivable	47,271	19,709
Beneficial interest in assets held by Community Foundation Spendable Fund (Note 3)	214,040	196,378
Prepaid expense	499	1,924
Security deposit	1,000	1,000
Total current assets	298,022	253,994
Property and equipment		
Furniture and equipment	13,278	14,342
Computer software	-	1,956
Less accumulated depreciation	(13,278)	(15,854)
Net property and equipment	-	444
Other assets		
Beneficial interest in assets held by Community Foundation Endowment Fund (Note 4)	267,648	259,314
Total assets	\$ 565,670	\$ 513,752

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 17,335	\$ 17,802
Accrued wages payable	16,292	10,157
Total current liabilities	33,627	27,959
Net assets		
Unrestricted	50,355	30,101
Temporarily restricted	481,688	455,692
Total net assets	532,043	485,793
Total liabilities and net assets	\$ 565,670	\$ 513,752

See accompanying notes and independent auditor's report.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018

	Unrestricted	Temporarily Restricted	Total 2019	Total 2018
Support and revenue				
Program revenue	\$ 197,231	\$ -	\$ 197,231	\$ 183,725
Grants	77,500	-	77,500	42,400
Contributions	139,765	7,095	146,860	111,943
Special fundraising events net of expenses of \$3,344	9,784	-	9,784	-
In-kind contributions(Note 5)	163,790	-	163,790	153,491
Change in beneficial interest in assets held by Community Foundation (Note 3)	-	18,901	18,901	28,804
Other	86	-	86	2,272
Net assets released from restrictions	-	-	-	-
Total support and revenue	588,156	25,996	614,152	522,635
Expenses				
Program services	489,624	-	489,624	453,907
General and administrative	58,196	-	58,196	47,411
Fundraising	20,082	-	20,082	19,438
Total expenses	567,902	-	567,902	520,756
Increase (decrease) in net assets	20,254	25,996	46,250	1,879
Net assets, beginning of year	30,101	455,692	485,793	483,914
Net assets, end of year	\$ 50,355	\$ 481,688	\$ 532,043	\$ 485,793

See accompanying notes and independent auditor's report.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 46,250	\$ 1,879
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	13	232
Changes in beneficial interest of asset held by Community Foundation	(18,091)	(8,804)
Loss on disposal of property	431	-
(Increase) decrease in assets:		
Accounts receivables	(27,562)	2,556
Prepaid expenses	1,425	(1,924)
Increase (decrease) in liabilities:		
Accounts payable	(467)	(10,408)
Accrued wages payable	6,135	10,157
Net cash provided by (used in) operating activities	8,134	(6,312)
Cash flows used in investing activities		
Transfers to Community Foundation	(7,905)	(300)
Purchase of fixed assets	-	(443)
Net increase (decrease) investing activities	(7,905)	(743)
Increase (decrease) in net assets	229	(7,055)
Cash and cash equivalents, beginning of year	34,983	42,038
Cash and cash equivalents, end of year	\$ 35,212	\$ 34,983

See accompanying notes and independent auditor's report.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018

	Program	General and Administrative	Fundraising	Total 2019	Total 2018
Salaries	\$ 93,089	\$ 39,553	\$ 13,917	\$ 146,559	\$ 124,022
Payroll taxes and benefits	11,626	4,940	1,737	18,303	13,316
Total salaries and benefits	104,715	44,493	15,654	164,862	137,338
Cost of meals - purchased	191,331	-	-	191,331	184,647
In-kind donations of meals	163,790	-	-	163,790	153,491
Rent	6,991	1,194	341	8,526	7,607
Advertising and newsletters	-	-	3,127	3,127	6,076
Accounting services	-	5,000	-	5,000	5,125
Telephone	3,998	683	195	4,876	4,731
Office supplies	7,655	1,307	373	9,335	6,098
Computer supplies	3,526	602	172	4,300	2,514
Staff and volunteers	2,272	2,078	-	4,350	3,276
Other	5,336	2,837	219	8,392	9,621
	489,614	58,194	20,081	567,889	520,524
Depreciation	10	2	1	13	232
Total expenses	\$ 489,624	\$ 58,196	\$ 20,082	\$ 567,902	\$ 520,756

See accompanying notes and independent auditor's report.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities Meals on Wheels for Fort Collins, Colorado, Inc. (the Organization) is a not-for-profit organization formed in 1969, which provides nutritious meals and social interaction to homebound individuals in Fort Collins, Colorado. The meals are purchased from Poudre Valley Hospital at discounted rates and delivered to the clients by volunteer drivers. The Organization finances its operations largely through program fees charged to participants, grants and contributions.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Comparative Financial Information The financial information shown for 2018 in the accompanying financial statement is included to provide a basis for comparison with 2019 and presents summarized totals only. Such information should be read in conjunction with the 2018 financial statements for the year ended June 30, 2018, 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.

Restricted and Unrestricted Revenue Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/ or nature of any donor restrictions.

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 June 30, 2019.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 purpose restriction is accomplished, 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 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.

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 unclassified 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.

Land, Buildings and Equipment The Organization capitalize all expenditures for land, building, equipment and furniture in excess of \$1000. 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 three to seven years. Costs of repairs and maintenance are charged to operating expenses as they are incurred.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 June 30, 2019 was \$3,127 and June 30, 2018 was \$6,076.

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 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

3: 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. The fund is a single fund with two components: an Endowment Fund and a Spendable Fund. Contributions to the fund are placed in the Endowment Fund, unless a specific designation is made to the Spendable Fund. There are no limitations on distributions from the Spendable Fund. Distributions from the Endowment Fund in excess of 7% of the fund's total market value require approval of two-third's vote from the Organization's Board. The Foundation's general intention is to make distributions in accordance with the Organization's designations; however, the Foundation retains the authority to modify any restrictions or conditions on the distributions of funds for the Organization if a restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or charitable purpose of the Organization.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION
(CONTINUED)

Changes in assets held with the Community Foundation for the year ended June 30, 2018, were as follows:

Description	Amount
Balance, beginning of year	\$ 455,692
Contributions	7,095
Investment income(loss)	
Dividends received	11,654
Realized gain (loss)	70,745
Unrealized gain (loss)	(59,022)
Grants approved	-
Administrative expenses	(4,476)
Total Investment returns	18,901
Balance, end of year	\$ 481,688
Amount available for distribution	\$ 214,040

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. Investment 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. The Organization has no investments in this category.

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. The Organization has beneficial interests in assets held by others in this category.

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 Organization has no investments in this Category.

See accompanying notes and independent auditor's report.

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION
(CONTINUED)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

4: COMMITMENTS

Office Lease The Organization entered into a non-cancelable operating lease for office space with Poudre Valley Heath Care, Inc. in April 2011, expiring on July 31, 2019. The lease contained renewal options for five additional 1 year terms, including increases in the base rent of no more than 3% per year. The lease was amended on August 11, 2019, to include five additional 1 year terms. The Organization's lease requires monthly payments of \$712 and expires July 31, 2020. Rental expense for this lease was \$8,526 for the year ended June 30, 2019.

Office Equipment The Organization leases office equipment under a non-cancelable operating lease. The lease expires in February 2021, with monthly payments of \$190.

Future minimum rental payments required under leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Fiscal Year Ending June 30th:</u>	<u>Amount</u>
2020	\$ 2,280
2021	2,280
2022	1,520
Total	<u>\$ 6,080</u>

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5: IN-KIND CONTRIBUTIONS

Donated goods are reflected in the accompanying financial statements at the estimated value at date of receipt. The Organization's donated goods include purchases of meals at a discounted price from Poudre Valley Hospital. The value of these donated meals included in the financial statements and the corresponding expense for the year is \$163,790.

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization received 9,867 donated hours during the year from individuals providing patient meal delivery and event assistance. These services were not recognized in the financial statements because they did not meet the criteria for recognition.

6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 9, 2019, the date which the financial statements were available to be issued.