

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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October 3, 2017

Independent Accountants' Review Report

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

We have reviewed the accompanying financial statements of **Meals on Wheels for Fort Collins, Colorado, Inc.** (a Colorado nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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. 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.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for the year ended June 30, 2017, in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Meals on Wheels for Fort Collins, Colorado, Inc.'s 2016 financial statements and in our report dated September 26, 2016, stated that based on our review, we were not aware of any material modifications that should be made to the fiscal year 2016 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2016, for it to be consistent with the reviewed financial statements from which it has been derived.



TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 42,038	\$ 50,169
Accounts receivable (Note 3)	22,265	17,523
Beneficial interest in assets held by Community Foundation (Note 4)	446,588	383,755
Security deposit	1,000	1,000
Property and equipment, net (Note 5)	<u>233</u>	<u>2,377</u>
Total assets	<u>\$ 512,124</u>	<u>\$ 454,824</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 28,210	\$ 30,457
Capital lease payable	<u>-</u>	<u>1,349</u>
Total liabilities	<u>28,210</u>	<u>31,806</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Operating	37,093	38,235
Board-designated endowment	446,588	383,755
Net investment in property and equipment	<u>233</u>	<u>1,028</u>
Total net assets	<u>483,914</u>	<u>423,018</u>
Total liabilities and net assets	<u>\$ 512,124</u>	<u>\$ 454,824</u>

See accompanying notes and independent accountants' review report

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
<u>Revenue and other support</u>		
Program revenue	\$ 196,371	\$ 166,531
Grants	98,646	70,070
Contributions	97,889	87,718
Change in beneficial interest in assets held by Community Foundation (Note 4)	32,833	7,032
All other	9	1,285
In-kind contributions (Note 7)	<u>163,443</u>	<u>153,868</u>
Total revenue and other support	<u>589,191</u>	<u>486,504</u>
<u>Expense</u>		
Program services	478,313	452,396
Supporting services		
Management and general	23,098	18,646
Fund-raising	<u>26,884</u>	<u>24,523</u>
Total expense	<u>528,295</u>	<u>495,565</u>
Change in net assets	60,896	(9,061)
Net assets, beginning of year	<u>423,018</u>	<u>432,079</u>
Net assets, end of year	<u>\$ 483,914</u>	<u>\$ 423,018</u>

See accompanying notes and independent accountants' review report

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

<u>Description</u>	<u>2017</u>			<u>2016</u>	
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>	<u>Total</u>
		<u>Management and General</u>	<u>Fund- raising</u>		
Salaries	\$ 89,462	\$ 13,668	\$ 21,123	\$ 124,253	\$ 113,655
Payroll taxes and benefits	8,379	1,281	1,978	11,638	9,572
Cost of meals - purchased	184,873	-	-	184,873	169,140
In-kind donations of meals	163,443	-	-	163,443	153,868
Rent	7,054	830	415	8,299	8,990
Advertising and newsletters	4,635	-	1,987	6,622	8,249
Accounting services	-	5,100	-	5,100	5,050
Telephone	3,819	449	225	4,493	4,251
Office supplies	3,692	434	217	4,343	4,169
Computer supplies	2,381	280	140	2,801	1,419
Staff and volunteers	2,139	251	126	2,516	4,939
All other	6,892	569	309	7,770	8,895
	<u>476,769</u>	<u>22,862</u>	<u>26,520</u>	<u>526,151</u>	<u>492,197</u>
Depreciation and amortization	1,544	236	364	2,144	3,368
Total expenses	<u>\$ 478,313</u>	<u>\$ 23,098</u>	<u>\$ 26,884</u>	<u>\$ 528,295</u>	<u>\$ 495,565</u>

See accompanying notes and independent accountants' review report

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 60,896	\$ (9,061)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,144	3,368
Change in beneficial interest of assets held by Community Foundation	(32,833)	(7,032)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(4,742)	(3,375)
Increase(decrease) in accounts payable	<u>(2,247)</u>	<u>3,036</u>
Net cash provided(used) by operating activities	<u>23,218</u>	<u>(13,064)</u>
 <u>Cash flows from financing activities</u>		
(Repayments) on capital lease obligation	<u>(1,349)</u>	<u>(1,259)</u>
 <u>Cash flows from investing activities</u>		
Transfers to Community Foundation	<u>(30,000)</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	(8,131)	(14,323)
Cash and cash equivalents, beginning of year	<u>50,169</u>	<u>64,492</u>
Cash and cash equivalents, end of year	<u>\$ 42,038</u>	<u>\$ 50,169</u>
 <u>Supplemental disclosure of information:</u>		
Cash paid during the period for interest	<u>\$ 67</u>	<u>\$ 189</u>

See accompanying notes and independent accountants' review report

MEALS ON WHEELS FOR FORT COLLINS, COLORADO, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - NATURE OF ACTIVITIES

Meals on Wheels for Fort Collins, Colorado, Inc. (the Organization) is a Colorado non-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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required 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.

3. 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.

4. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. 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, 2017.

6. Donations

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 a 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

6. Donations (concluded)

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.

7. Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. No allowance was deemed necessary at June 30, 2017.

8. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$100. The fair value of donated assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives range from 3 to 7 years.

9. 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.

10. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

11. Fair Value Measurements

The Organization follows the provisions of the *Fair Value Measurements and Disclosures* Topic of FASB ASC, which require use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

12. Functional Reporting of Expenses

For the year ended June 30, 2017, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

13. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

14. Reclassifications

Certain fiscal year 2016 balances have been reclassified to conform to the fiscal year 2017 financial statement presentation.

15. Subsequent Events

Management has evaluated subsequent events through October 3, 2017, the date the financial statements were available to be issued.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consist of \$22,265 representing program fees charged to participants on or before June 30, 2017. Accounts receivable are stated at the amount management expects to collect from the outstanding balance. As of June 30, 2017, management has determined, based on historical experience, all amounts are fully collectible, and no allowance for doubtful accounts is necessary.

NOTE 4 - 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 distribution 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.

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION (concluded)

Changes in assets held with the Community Foundation for the year ended June 30, 2017, were as follows:

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	<u>\$ 383,755</u>
Contributions	<u>30,000</u>
Investment income(loss)	
Dividends received	10,043
Realized gain(loss)	(1,396)
Unrealized gain(loss)	28,180
Administrative expenses	<u>(3,994)</u>
Total investment returns	<u>32,833</u>
Balance, end of year	<u>\$ 446,588</u>
Amount available for distribution	<u>\$ 200,182</u>

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 a lesser degree of judgment 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. 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 judgment or estimation. The Organization has no investments in this category.

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.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Computer equipment	\$ 17,062
Office furniture	3,570
Computer software	<u>1,956</u>
Total	22,588
Less: accumulated depreciation	<u>(22,355)</u>
Net property and equipment	<u>\$ 233</u>

Depreciation expense for the year was \$2,144.

NOTE 6 - COMMITMENTS

Leases

A. Office lease

The Organization entered into a non-cancelable operating lease for office space with Poudre Valley Health Care, Inc. in April 2011, expiring on July 31, 2013. 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 May 15, 2016, to include four additional 1-year terms. The Organization's lease requires monthly payments of \$692 and expires July 31, 2018. The Organization has elected to extend the lease through July 31, 2019, with no increase in the monthly payment. Rental expense for this lease was \$8,299 for the year ended June 30, 2017.

B. Capital lease

The Organization leased office equipment under a non-cancelable operating lease. The equipment was replaced in February 2017. The lease required monthly payments of \$110. The economic substance of the lease was that the Organization financed the acquisition of the asset through the lease and, accordingly, it was recorded in the Organization's assets and liabilities. Amortization of assets held under capital lease for the year ended June 30, 2017, was \$1,349 and is included with depreciation expense.

C. Office Equipment

The Organization leases office equipment under a non-cancelable operating lease. The lease expires in February 2021, with monthly payments of \$143 beginning in July 2017.

NOTE 6 - COMMITMENTS (concluded)

Leases (concluded)

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>
2018	\$ 1,717
2019	1,717
2020	1,717
2021	1,717
2022	1,717
Total	<u>\$ 8,585</u>

Grants

Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in disallowed claims or questioned costs and may constitute a liability of the Trust.

NOTE 7 - 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 \$163,443.

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 18,250 donated hours during the year from individuals providing patient meal delivery and event assistance valued at \$468,660. These services were not recognized in the financial statements because they did not meet the criteria for recognition.