

MEALS ON WHEELS OF ROWAN, INC.

FINANCIAL STATEMENTS

December 31, 2016 and 2015

MEALS ON WHEELS OF ROWAN, INC.

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-10

EDDIE CARRICK, CPA, PC

Certified Public Accountant

The Board of Directors
Meals on Wheels of Rowan, Inc.
Salisbury, North Carolina

Independent Auditors' Report

Report on the financial statements

We have audited the accompanying statement of financial position of Meals on Wheels of Rowan, Inc. (the "Corporation") as of December 31, 2016 and 2015, and the related statements of activities, functional expenses 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 consolidated 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 consolidated financial statements based on our audits. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated 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 consolidated 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 the evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe 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 Rowan, Inc. as of December 31, 2016 and 2015 and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Lexington, North Carolina
May 16, 2017

MEALS ON WHEELS OF ROWAN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 173,672	\$ 106,311
Marketable equity securities	218,559	247,660
Accounts receivable	9,600	11,842
Sales tax refund receivable	8,544	8,863
Prepaid expense	-	3,799
Property & equipment, net	<u>3,174</u>	<u>4,270</u>
Total assets	<u>\$ 413,549</u>	<u>\$ 382,745</u>
 LIABILITIES		
Accounts Payable	<u>\$ 2,313</u>	<u>\$ -</u>
Total liabilities	<u>2,313</u>	<u>-</u>
 NET ASSETS		
Unrestricted		
Undesignated	127,053	72,999
Internally designated	<u>284,183</u>	<u>309,746</u>
Total net assets	<u>411,236</u>	<u>382,745</u>
Total liabilities and net assets	<u>\$ 413,549</u>	<u>\$ 382,745</u>

See accompanying notes to financial statements.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENTS OF ACTIVITIES
For Years Ended December 31, 2016 and 2015

<u>UNRESTRICTED</u>	<u>2016</u>	<u>2015</u>
Support and revenue		
Contributions	\$ 225,820	\$ 234,707
United Way appropriation	60,835	64,154
Meal charges	108,382	109,722
Unrealized investments gains (losses)	4,349	(26,892)
Realized investments gains (losses)	5,750	11,872
Special events	11,581	30,405
Interest and dividends	7,965	6,901
	<u>424,682</u>	<u>430,869</u>
Expenses		
Program services	328,462	326,344
Supporting services		
General administration	60,197	60,792
Fundraising	7,532	18,867
	<u>396,191</u>	<u>406,003</u>
Change in net assets	28,491	24,866
Net assets at beginning of year	<u>382,745</u>	<u>357,879</u>
Net assets at end of year	<u><u>\$ 411,236</u></u>	<u><u>\$ 382,745</u></u>

See accompanying notes to financial statements.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2016

	Program	Supporting Expenses		Total
	Meal Service	Management and General	Fundraising	2016
Salaries	\$ 61,262	\$ 13,958	\$ 2,326	\$ 77,547
Payroll taxes	4,178	952	159	5,288
Employee insurance allowance	9,149	1,614	-	10,763
Total salaries and realated expenses	74,588	16,525	2,485	93,598
Accounting fee	-	3,300	-	3,300
Audit	-	4,250	-	4,250
Auto allowance	8,016	-	-	8,016
Conferences, conventions, and meetings	-	32	-	32
Contract meal preparation	232,314	-	-	232,314
Fundraising expenses	-	-	5,047	5,047
General liability insurance	2,827	-	-	2,827
Office expense	-	7,466	-	7,466
Organization dues	-	684	-	684
Other expenses	7,658	907	-	8,565
Postage	716	716	-	1,432
Rent	-	18,000	-	18,000
Telephone	1,501	1,501	-	3,002
Transaction fees on investments	-	2,161	-	2,161
Utilities	-	3,559	-	3,559
Workers compensation insurance	842	-	-	842
Total expenses before depreciation	328,462	59,101	7,532	395,095
Depreciation on office equipment	-	1,096	-	1,096
	<u>\$ 328,462</u>	<u>\$ 60,197</u>	<u>\$ 7,532</u>	<u>\$ 396,191</u>

See accompanying notes to financial statments.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2015

	Program	Supporting Expenses		Total
	Meal Service	Management and General	Fundraising	2015
Salaries	\$ 61,287	\$ 13,964	\$ 2,327	\$ 77,579
Payroll taxes	4,140	943	157	5,241
Employee insurance allowance	7,505	1,324	-	8,829
Total salaries and realated expenses	<u>72,932</u>	<u>16,232</u>	<u>2,485</u>	<u>91,649</u>
Accounting fee	-	3,300	-	3,300
Audit	-	4,250	-	4,250
Auto allowance	8,018	-	-	8,018
Conferences, conventions, and meetings	-	358	-	358
Contract meal preparation	238,528	-	-	238,528
Fundraising expenses	-	-	16,382	16,382
General liability insurance	272	-	-	272
Office expense	-	9,496	-	9,496
Organization dues	-	801	-	801
Other expenses	3,171	-	-	3,171
Postage	562	562	-	1,124
Rent	-	18,000	-	18,000
Telephone	1,174	1,174	-	2,348
Transaction fees on investments	-	2,154	-	2,154
Utilities	-	3,169	-	3,169
Workers compensation insurance	1,687	-	-	1,687
Total expenses before depreciation	<u>326,344</u>	<u>59,496</u>	<u>18,867</u>	<u>404,707</u>
Depreciation on office equipment	-	1,296	-	1,296
	<u>\$ 326,344</u>	<u>\$ 60,792</u>	<u>\$ 18,867</u>	<u>\$ 406,003</u>

See accompanying notes to financial statments.

MEALS ON WHEELS OF ROWAN, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 28,491	\$ 24,866
Non-cash items included in change in net assets:		
Depreciation	1,096	1,296
Stock donations received	-	(25,293)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized losses or (gains) on investments	(4,349)	26,892
Realized losses or (gains) on investments	(5,750)	(11,872)
(Increase) decrease in operating assets:		
Accounts receivable	2,242	(640)
Sales tax receivable	319	(537)
Prepaid expenses	3,799	1,538
Increase (decrease) in operating liabilities:		
Accounts payable	2,313	-
Net cash provided by operating activities	<u>28,161</u>	<u>16,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,143)
Purchase of investments	(457,824)	(405,631)
Proceeds from sale of investments	<u>497,024</u>	<u>435,895</u>
Net cash provided (used) by investing activities	<u>39,200</u>	<u>29,121</u>
Net increase (decrease) in cash	67,361	45,371
Beginning cash	<u>106,311</u>	<u>60,940</u>
Ending cash	<u><u>\$ 173,672</u></u>	<u><u>\$ 106,311</u></u>

See accompanying notes to financial statements.

MEALS ON WHEELS OF ROWAN, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Note 1 - Nature of Organization

Meals on Wheels of Rowan, Inc. (the organization) is a nonprofit organization established to provide nutritionally balanced hot meals to older adults and handicapped citizens of Rowan County. Recipients of the Organization's services contribute a portion of the cost of their meals according to their ability to pay. The Organization is supported by the United Way of Rowan County. Other support is provided through a broad base of area churches, private foundations, civic groups and individuals.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and 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. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification of Financial Accounting Standards ASC 958. Under ASC 958, 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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of twelve months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. No amount has been recognized in the Statement of Activities. Under ASC 958, contributions of services are not recognized unless the services require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of operating the Organization's program and related supporting costs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between program and supporting services.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Council qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases and decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Property, Equipment and Depreciation

Property and equipment are stated at their original cost. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals, betterments, and acquisitions in excess of \$500 are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended December 31, 2016 and 2015 was \$1,096 and \$1,296 respectively.

Unconditional Promises to Give

Unconditional promises to give are recognized as support in the period they are pledged. They are expected to be collected within one year and are recognized at net realizable value. No allowance for uncollectible amounts is necessary, as management believes that all recorded amounts are collectible.

Note 3 - Investments

Investments include equity securities and are carried at fair value. Investments as of December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Amortized cost-equity securities	\$ 208,459	\$ 262,680
Gross unrealized gains (losses)	4,350	(26,892)
Gross realized gains (losses)	<u>5,750</u>	<u>11,872</u>
Fair Value of equity securities	<u>\$ 218,559</u>	<u>\$ 247,660</u>

Note 4 - Property and Equipment

At December 31, 2016 and 2015, property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 12,980	\$ 12,980
Leasehold improvements	<u>1,330</u>	<u>1,330</u>
	14,310	14,310
Less accumulated depreciation	<u>11,136</u>	<u>10,040</u>
	<u>\$ 3,174</u>	<u>\$ 4,270</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5 – Net Assets

Unrestricted but internally designated net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Capital improvements	\$ 65,625	\$ 62,086
Board designated Endowment Funds	<u>218,558</u>	<u>247,660</u>
	<u>\$ 284,183</u>	<u>\$ 309,746</u>

Note 6 – Lease / Related Party

On September 15, 2013 the Organization executed a month to month lease (with a related party) for \$1,500 per month. The location provides office space and facilities for the Organization's programs. Rent expense was \$18,000 and \$18,000 for the year ended December 31, 2016 and 2015, respectively.

Note 7 – Subsequent Events

Subsequent events occurring after the balance sheet date have been evaluated through May 16, 2017, which is the date the financial statements were available to be issued. No subsequent events were noted.