

Fort Bend Seniors Meals on Wheels

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2011 and 2010

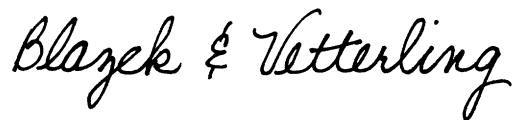
Independent Auditors' Report

To the Board of Directors of
Fort Bend Seniors Meals on Wheels:

We have audited the accompanying statements of financial position of Fort Bend Seniors Meals on Wheels (Fort Bend Seniors) as of December 31, 2011 and 2010 and the related statements of activities, of functional expenses, and of cash flows for the years then ended. These financial statements are the responsibility of the management of Fort Bend Seniors. 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Bend Seniors as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



April 25, 2012

Fort Bend Seniors Meals on Wheels

Statements of Financial Position as of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 384,553	\$ 361,445
Receivables:		
United Way allocation	422,172	406,192
Government contracts	176,501	283,559
Pledges	68,890	52,299
Prepaid expenses	24,443	15,058
Certificates of deposit (<i>Note 3</i>)	601,352	403,031
Property and equipment, net (<i>Note 2</i>)	<u>433,076</u>	<u>163,162</u>
TOTAL ASSETS	<u>\$ 2,110,987</u>	<u>\$ 1,684,746</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 118,193	\$ 126,121
Accrued salaries and benefits	39,340	20,573
Deferred revenue	3,282	18,585
Note payable (<i>Note 3</i>)	<u>286,221</u>	<u> </u>
Total liabilities	<u>447,036</u>	<u>165,279</u>
Net assets:		
Unrestricted (<i>Note 4</i>)	1,042,764	1,037,949
Temporarily restricted (<i>Note 5</i>)	<u>621,187</u>	<u>481,518</u>
Total net assets	<u>1,663,951</u>	<u>1,519,467</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,110,987</u>	<u>\$ 1,684,746</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Activities for the year ended December 31, 2011

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Government contracts <i>(Note 6)</i>	\$ 1,080,838		\$ 1,080,838
Contributions	218,972	\$ 335,662	554,634
United Way allocation	25,222	422,172	447,394
In-kind contributions	301,116		301,116
Special events	191,127		191,127
Direct donor benefit costs of special events	(31,533)		(31,533)
Other income	<u>26,373</u>		<u>26,373</u>
Total revenue	1,812,115	757,834	2,569,949
Net assets released from restrictions:			
Expiration of time restrictions	406,192	(406,192)	
Program expenditures	209,473	(209,473)	
Capital expenditures	<u>2,500</u>	<u>(2,500)</u>	
Total	<u>2,430,280</u>	<u>139,669</u>	<u>2,569,949</u>
EXPENSES:			
Program expenses:			
Meals on Wheels	1,287,916		1,287,916
Senior centers	450,130		450,130
Transportation services	<u>273,592</u>		<u>273,592</u>
Total program expenses	2,011,638		2,011,638
Management and general	178,999		178,999
Fundraising	<u>234,828</u>		<u>234,828</u>
Total expenses	<u>2,425,465</u>		<u>2,425,465</u>
CHANGES IN NET ASSETS	4,815	139,669	144,484
Net assets, beginning of year	<u>1,037,949</u>	<u>481,518</u>	<u>1,519,467</u>
Net assets, end of year	<u>\$ 1,042,764</u>	<u>\$ 621,187</u>	<u>\$ 1,663,951</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Activities for the year ended December 31, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Government contracts <i>(Note 6)</i>	\$ 1,090,825		\$ 1,090,825
Contributions	121,761	\$ 244,477	366,238
United Way allocation	16,003	406,192	422,195
In-kind contributions	316,733		316,733
Special events	171,131		171,131
Direct donor benefit costs of special events	(29,045)		(29,045)
Other income	<u>11,570</u>	<u> </u>	<u>11,570</u>
Total revenue	1,698,978	650,669	2,349,647
Net assets released from restrictions:			
Expiration of time restrictions	407,403	(407,403)	
Program expenditures	236,775	(236,775)	
Capital expenditures	<u>38,600</u>	<u>(38,600)</u>	<u> </u>
Total	<u>2,381,756</u>	<u>(32,109)</u>	<u>2,349,647</u>
EXPENSES:			
Program expenses:			
Meals on Wheels	1,228,453		1,228,453
Senior centers	412,649		412,649
Transportation services	<u>247,741</u>		<u>247,741</u>
Total program expenses	1,888,843		1,888,843
Management and general	133,854		133,854
Fundraising	<u>207,556</u>		<u>207,556</u>
Total expenses	<u>2,230,253</u>		<u>2,230,253</u>
CHANGES IN NET ASSETS	151,503	(32,109)	119,394
Net assets, beginning of year	<u>886,446</u>	<u>513,627</u>	<u>1,400,073</u>
Net assets, end of year	<u>\$ 1,037,949</u>	<u>\$ 481,518</u>	<u>\$ 1,519,467</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Functional Expenses for the year ended December 31, 2011

	<u>MEALS ON WHEELS</u>	<u>SENIOR CENTERS</u>	<u>TRANSPORTATION SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Food	\$ 681,089	\$ 195,286				\$ 876,375
Salaries and related expenses	380,855	116,590	\$ 28,899	\$ 137,568	\$ 172,853	836,765
Transportation			241,899			241,899
Occupancy	49,811	120,254	208	673	2,000	172,946
Professional fees and contract services	32,124	7,250	1,730	13,332	30,583	85,019
Travel	52,451	1,219	126	6,318	6,808	66,922
Depreciation	33,359	897	110	1,056	916	36,338
Insurance	17,331	1,290	233	2,138	1,557	22,549
Supplies	7,038	1,267	132	3,158	8,601	20,196
Rental and maintenance of equipment	12,680	354	49	142	550	13,775
Communications	5,244	2,869	102	520	1,161	9,896
Postage and shipping	3,828	113	2	491	1,594	6,028
Interest				5,446		5,446
Conferences and meetings	1,460	176	14	2,408	866	4,924
Membership dues	1,724	19	4	1,431	1,536	4,714
Printing and publishing	1,108	172	38	280	2,486	4,084
Other	<u>7,814</u>	<u>2,374</u>	<u>46</u>	<u>4,038</u>	<u>3,317</u>	<u>17,589</u>
Total expenses	<u>\$ 1,287,916</u>	<u>\$ 450,130</u>	<u>\$ 273,592</u>	<u>\$ 178,999</u>	<u>\$ 234,828</u>	<u>\$ 2,425,465</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Functional Expenses for the year ended December 31, 2010

	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Food	\$ 645,563	\$ 164,331				\$ 809,894
Salaries and related expenses	360,450	111,001	\$ 18,749	\$ 56,513	\$ 161,086	707,799
Transportation			226,207			226,207
Occupancy	56,379	118,171	266	862	2,560	178,238
Professional fees and contract services	27,151	6,819	1,602	62,707	9,449	107,728
Travel	38,196	1,077	92	4,621	6,156	50,142
Depreciation	31,550	1,292	166	637	907	34,552
Insurance	23,263	1,366	234	3,184	1,563	29,610
Supplies	8,645	1,971	141	1,638	11,152	23,547
Rental and maintenance of equipment	16,523	388	57	107	542	17,617
Communications	4,184	3,226	83	280	1,561	9,334
Postage and shipping	3,773	40	8	219	3,151	7,191
Conferences and meetings	2,754	209	5	754	759	4,481
Membership dues	1,335			777	2,360	4,472
Printing and publishing	1,155	270	53	320	2,850	4,648
Other	<u>7,532</u>	<u>2,488</u>	<u>78</u>	<u>1,235</u>	<u>3,460</u>	<u>14,793</u>
Total expenses	<u>\$ 1,228,453</u>	<u>\$ 412,649</u>	<u>\$ 247,741</u>	<u>\$ 133,854</u>	<u>\$ 207,556</u>	<u>\$ 2,230,253</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statements of Cash Flows for the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 144,484	\$ 119,394
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	36,338	34,553
Changes in operating assets and liabilities:		
Receivables	74,487	(148,748)
Prepaid expenses	(9,385)	1,655
Accounts payable	(7,928)	(14,269)
Accrued salaries and benefits	18,767	8,282
Deferred revenue	<u>(15,303)</u>	<u>4,559</u>
Net cash provided by operating activities	<u>241,460</u>	<u>5,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchase of certificates of deposit	(198,321)	(101,150)
Purchase of property and equipment	<u>(306,252)</u>	<u>(85,758)</u>
Net cash used by investing activities	<u>(504,573)</u>	<u>(186,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	<u>286,221</u>	
NET CHANGE IN CASH	23,108	(181,482)
Cash, beginning of year	<u>361,445</u>	<u>542,927</u>
Cash, end of year	<u>\$ 384,553</u>	<u>\$ 361,445</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Notes to Financial Statements for the years ended December 31, 2011 and 2010

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Fort Bend Seniors Meals on Wheels & Much, Much More!, d.b.a. Fort Bend Seniors Meals on Wheels (Fort Bend Seniors) was organized as a Texas nonprofit corporation in 1976, and is located in Rosenberg, Texas. Fort Bend Seniors provides meals on wheels services, homemaker services, and nutritious meals to senior citizens at eight centers throughout Fort Bend and Waller counties. These programs are supported by government contracts and contributions.

Federal income tax status – Fort Bend Seniors is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi). Fort Bend Seniors files annual federal information returns. Fort Bend Seniors is subject to routine examinations of its returns, however, there are no examinations for any tax periods currently in progress. Fort Bend Seniors believes it is no longer subject to examinations of returns for tax years ending before December 31, 2008.

Certificates of deposit are non-negotiable, timed bank deposits reported at face value plus accrued interest.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. At December 31, 2011, all pledges receivable are due within one year.

Property and equipment are reported at cost if purchased and at estimated fair value at the date of gift if donated. Property and equipment purchases over \$500 are capitalized. Depreciation is calculated on a straight-line basis over estimated useful lives of 5 to 10 years.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Government contract revenue is recognized in the period in which the related services are provided. Revenue received in advance is reported as deferred revenue.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

In-kind contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions of services and the related expenses are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In 2011 and 2010, Fort Bend Seniors received approximately \$173,000 and \$178,000, respectively, in contributed facility rent that is recorded as program service expense. In 2011 and 2010, Fort Bend Seniors received approximately \$124,000 and \$110,000, respectively, in contributed transportation services that are recorded as program service expense.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among functions. Actual results could vary from the estimates that were used.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Vehicles	\$ 329,762	\$ 329,762
Land	296,411	
Furniture and equipment	<u>58,197</u>	<u>48,356</u>
Total property and equipment, at cost	684,370	378,118
Accumulated depreciation	<u>(251,294)</u>	<u>(214,956)</u>
Property and equipment, net	<u>\$ 433,076</u>	<u>\$ 163,162</u>

NOTE 3 – NOTE PAYABLE

In August 2011, Fort Bend Seniors entered into a promissory note payable of \$286,221 with a bank to purchase land for the future site of Fort Bend Seniors. The note is due in July 2012. The note bears interest at 5% and is collateralized by certificates of deposit. Interest expense of \$5,446 was recognized in 2011. The Treasurer of the Board of Directors is the President of the bank providing the loan.

NOTE 4 – UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following:

	<u>2011</u>	<u>2010</u>
Undesignated	\$ 295,909	\$ 474,787
Board-designated for emergency reserve fund	600,000	400,000
Invested in property and equipment, net of related debt	<u>146,855</u>	<u>163,162</u>
Total unrestricted net assets	<u>\$ 1,042,764</u>	<u>\$ 1,037,949</u>

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2011</u>	<u>2010</u>
Future operations	\$ 482,172	\$ 406,192
Meals on Wheels program	56,500	17,584
Waller County meal programs	40,000	40,000
Fort Bend Senior Centers	13,810	
Assistance to Seniors	11,512	
Other	<u>17,193</u>	<u>17,742</u>
Total temporarily restricted net assets	<u>\$ 621,187</u>	<u>\$ 481,518</u>

NOTE 6 – GOVERNMENT CONTRACTS

Government funded contracts are from the following sources:

	<u>2011</u>	<u>2010</u>
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 614,157	\$ 756,950
Passed through other local government agencies	56,939	62,974
Texas Department of Agriculture	291,372	218,466
Texas Veterans Commission	58,402	
Federal Emergency Management Administration	28,148	36,610
Other	<u>31,820</u>	<u>15,825</u>
Total government contracts	<u>\$ 1,080,838</u>	<u>\$ 1,090,825</u>

Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 25, 2012, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.