

**Fort Bend Seniors Meals on Wheels**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2012 and 2011

## Independent Auditors' Report

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

We have audited the accompanying financial statements of Fort Bend Seniors Meals on Wheels, which comprise the statements of financial position as of December 31, 2012 and 2011 and the related statements of activities, of functional expenses and of 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.

### Auditors' Responsibility

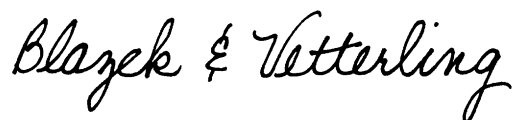
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about 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 auditors' 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 Fort Bend Seniors Meals on Wheels as of December 31, 2012 and 2011 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.



April 30, 2013

## Fort Bend Seniors Meals on Wheels

Statements of Financial Position as of December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 476,387	\$ 384,553
Receivables:		
United Way allocation	422,172	422,172
Government contracts	155,339	176,501
Pledges	80,950	68,890
Prepaid expenses	11,491	24,443
Certificates of deposit	602,701	601,352
Property and equipment, net ( <i>Note 2</i> )	<u>412,647</u>	<u>433,076</u>
TOTAL ASSETS	<u>\$ 2,161,687</u>	<u>\$ 2,110,987</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 125,911	\$ 121,475
Accrued salaries and benefits	43,147	39,340
Note payable ( <i>Note 3</i> )	<u>286,221</u>	<u>286,221</u>
Total liabilities	<u>455,279</u>	<u>447,036</u>
Net assets:		
Unrestricted ( <i>Note 4</i> )	1,131,909	1,042,764
Temporarily restricted ( <i>Note 5</i> )	<u>574,499</u>	<u>621,187</u>
Total net assets	<u>1,706,408</u>	<u>1,663,951</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,161,687</u>	<u>\$ 2,110,987</u>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors Meals on Wheels

Statement of Activities for the year ended December 31, 2012

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	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
Government contracts <i>(Note 6)</i>	\$ 1,235,386		\$ 1,235,386
Contributions	196,025	\$ 269,291	465,316
United Way allocation	10,989	422,172	433,161
In-kind contributions	301,482		301,482
Special events	172,697		172,697
Direct donor benefit costs of special events	(26,039)		(26,039)
Other income	<u>4,729</u>		<u>4,729</u>
Total revenue	1,895,269	691,463	2,586,732
Net assets released from restrictions:			
Expiration of time restrictions	482,172	(482,172)	
Program expenditures	<u>255,979</u>	<u>(255,979)</u>	
Total	<u>2,633,420</u>	<u>(46,688)</u>	<u>2,586,732</u>
<b>EXPENSES:</b>			
Program expenses:			
Meals on Wheels	1,327,021		1,327,021
Senior centers	470,835		470,835
Transportation services	<u>273,928</u>		<u>273,928</u>
Total program expenses	2,071,784		2,071,784
Management and general	221,388		221,388
Fundraising	<u>251,103</u>		<u>251,103</u>
Total expenses	<u>2,544,275</u>		<u>2,544,275</u>
<b>CHANGES IN NET ASSETS</b>	89,145	(46,688)	42,457
Net assets, beginning of year	<u>1,042,764</u>	<u>621,187</u>	<u>1,663,951</u>
Net assets, end of year	<u>\$ 1,131,909</u>	<u>\$ 574,499</u>	<u>\$ 1,706,408</u>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors Meals on Wheels

Statement of Activities for the year ended December 31, 2011

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	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
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	<u>211,973</u>	<u>(211,973)</u>	
Total	<u>2,430,280</u>	<u>139,669</u>	<u>2,569,949</u>
<b>EXPENSES:</b>			
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.*

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## Fort Bend Seniors Meals on Wheels

Statement of Functional Expenses for the year ended December 31, 2012

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	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Food	\$ 768,489	\$ 207,036				\$ 975,525
Salaries and related expenses	343,758	126,024	\$ 32,176	\$ 170,642	\$ 175,934	848,534
Transportation			238,717			238,717
Occupancy	44,344	116,832	165	535	2,988	164,864
Professional fees and contract services	28,864	7,775	1,791	9,258	30,580	78,268
Travel	50,401	2,520	144	7,043	6,375	66,483
Depreciation	31,568	938	105	1,398	1,248	35,257
Supplies	6,325	2,109	208	2,520	17,230	28,392
Insurance	18,510	1,460	247	1,391	1,309	22,917
Rental and maintenance of equipment	17,008	317	57	226	466	18,074
Communications	4,952	2,926	165	1,292	1,318	10,653
Interest				14,311		14,311
Postage and shipping	3,223	15	3	613	2,860	6,714
Conferences and meetings	770	280		3,632	397	5,079
Printing and publishing	479	190	41	1,032	2,839	4,581
Membership dues	269	19	4	1,452	2,099	3,843
Other	8,061	2,394	105	6,043	5,460	22,063
Total expenses	<u>\$ 1,327,021</u>	<u>\$ 470,835</u>	<u>\$ 273,928</u>	<u>\$ 221,388</u>	<u>\$ 251,103</u>	2,544,275
Direct donor benefit costs of special events						<u>26,039</u>
Total						<u>\$ 2,570,314</u>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors Meals on Wheels

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

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	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
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
Supplies	7,038	1,267	132	3,158	8,601	20,196
Insurance	17,331	1,290	233	2,138	1,557	22,549
Rental and maintenance of equipment	12,680	354	49	142	550	13,775
Communications	5,244	2,869	102	520	1,161	9,896
Interest				5,446		5,446
Postage and shipping	3,828	113	2	491	1,594	6,028
Conferences and meetings	1,460	176	14	2,408	866	4,924
Printing and publishing	1,108	172	38	280	2,486	4,084
Membership dues	1,724	19	4	1,431	1,536	4,714
Other	7,814	2,374	46	4,038	3,317	17,589
Total expenses	<u>\$ 1,287,916</u>	<u>\$ 450,130</u>	<u>\$ 273,592</u>	<u>\$ 178,999</u>	<u>\$ 234,828</u>	2,425,465
Direct donor benefit costs of special events						<u>31,533</u>
Total						<u>\$ 2,456,998</u>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors Meals on Wheels

Statements of Cash Flows for the years ended December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 42,457	\$ 144,484
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	35,257	36,338
Changes in operating assets and liabilities:		
Receivables	9,102	74,487
Prepaid expenses	12,952	(9,385)
Accounts payable	4,436	(23,231)
Accrued salaries and benefits	<u>3,807</u>	<u>18,767</u>
Net cash provided by operating activities	<u>108,011</u>	<u>241,460</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net purchase of certificates of deposit	(1,349)	(198,321)
Purchase of property and equipment	<u>(14,828)</u>	<u>(306,252)</u>
Net cash used by investing activities	<u>(16,177)</u>	<u>(504,573)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable		<u>286,221</u>
NET CHANGE IN CASH	91,834	23,108
Cash, beginning of year	<u>384,553</u>	<u>361,445</u>
Cash, end of year	<u>\$ 476,387</u>	<u>\$ 384,553</u>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors Meals on Wheels

Notes to Financial Statements for the years ended December 31, 2012 and 2011

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### 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 that are subject to routine examination; 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 ended before December 31, 2009.

Pledges receivable that are expected to be collected within one year are reported at net realizable value. At December 31, 2012, all pledges receivable are due within one year.

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

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 2012 and 2011, Fort Bend Seniors received approximately \$163,000 and \$173,000, respectively, in contributed facility rent that is recorded as program service expense. In 2012 and 2011, Fort Bend Seniors received approximately \$129,000 and \$124,000, 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>2012</u>	<u>2011</u>
Vehicles	\$ 329,762	\$ 329,762
Land	301,982	296,411
Furniture and equipment	<u>67,455</u>	<u>58,197</u>
Total property and equipment, at cost	699,199	684,370
Accumulated depreciation	<u>(286,552)</u>	<u>(251,294)</u>
Property and equipment, net	<u>\$ 412,647</u>	<u>\$ 433,076</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. The note is due in July 2013. The note bears interest at 5% and is collateralized by certificates of deposit. Interest expense totaled approximately \$14,000 in 2012 and \$5,000 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>2012</u>	<u>2011</u>
Undesignated	\$ 405,483	\$ 295,909
Board-designated for emergency reserve fund	600,000	600,000
Invested in property and equipment, net of related debt	<u>126,426</u>	<u>146,855</u>
Total unrestricted net assets	<u>\$ 1,131,909</u>	<u>\$ 1,042,764</u>

## NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Future operations	\$ 422,172	\$ 482,172
Meals on Wheels program	55,626	56,500
Waller County meal programs	40,473	40,000
Senior hunger program	34,386	1,644
Assistance to Seniors	12,512	11,512
Other	<u>9,330</u>	<u>29,359</u>
Total temporarily restricted net assets	<u>\$ 574,499</u>	<u>\$ 621,187</u>

## NOTE 6 – GOVERNMENT CONTRACTS

Government funded contracts are from the following sources:

	<u>2012</u>	<u>2011</u>
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 795,652	\$ 614,157
Passed through other local government agencies	66,773	56,939
Texas Department of Agriculture	250,686	291,372
Texas Veterans Commission	62,579	58,402
Federal Emergency Management Administration	29,013	28,148
Other	<u>30,683</u>	<u>31,820</u>
Total government contracts	<u>\$ 1,235,386</u>	<u>\$ 1,080,838</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 30, 2013, 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.