

Meals on Wheels of Tampa, Inc.

Financial Statements

June 30, 2019 and 2018



MEALS ON WHEELS OF TAMPA, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meals on Wheels of Tampa, Inc.
Tampa, Florida

We have audited the accompanying financial statements of Meals on Wheels of Tampa, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2019, 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 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 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 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 of Tampa, Inc. as of June 30, 2019 and 2018, 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.

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Other Matters

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 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.

PDR CPAs + Advisors

Oldsmar, Florida
September 10, 2019

**MEALS ON WHEELS OF TAMPA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 2,169,286	\$ 1,877,595
Restricted cash	2,676,642	435,322
Accounts receivable, net of allowance for doubtful accounts of \$13,100 and \$1,600, respectively	159,550	168,629
Contributions receivable - current portion	184,603	143,490
Capital campaign receivable - current portion	557,578	972,248
Inventory	26,846	23,342
Prepaid expenses	37,989	49,353
Total current assets	5,812,494	3,669,979
Other Assets		
Contributions receivable, net - long-term portion	575,335	550,709
Capital campaign receivable, net - long-term portion	613,083	1,441,897
Beneficial interest in funds held by others	81,704	78,874
Construction in progress	342,333	33,181
Property and equipment, net	1,039,634	1,074,595
Total Assets	\$ 8,464,583	\$ 6,849,235
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 278,288	\$ 215,494
Deferred revenue	92,646	31,992
Total current liabilities	370,934	247,486
Net Assets		
Without donor restrictions	3,463,155	3,147,876
With donor restrictions	4,630,494	3,453,873
Total net assets	8,093,649	6,601,749
Total Liabilities and Net Assets	\$ 8,464,583	\$ 6,849,235

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
Operating Support and Revenue				
Contributions	\$ 396,388	\$ 391,802	\$ 788,190	\$ 775,467
Capital campaign	-	1,282,482	1,282,482	2,814,313
Program services	1,529,680	-	1,529,680	1,511,900
In-kind contributions	87,055	-	87,055	10,137
Special events, net of \$33,553 of direct expenses	541,879	-	541,879	518,319
Change in value in funds held by others	-	2,830	2,830	4,197
Investment income, net	33,458	8,420	41,878	10,082
Rental income	-	-	-	3,551
Net assets released from restrictions	508,913	(508,913)	-	-
Total operating support and revenue	3,097,373	1,176,621	4,273,994	5,647,966
Operating Expenses				
Program services	2,293,026	-	2,293,026	2,107,593
Administration	212,564	-	212,564	177,294
Fundraising	276,504	-	276,504	324,686
Total operating expenses	2,782,094	-	2,782,094	2,609,573
Change in Net Assets	315,279	1,176,621	1,491,900	3,038,393
Net Assets at Beginning of Year	3,147,876	3,453,873	6,601,749	3,563,356
Net Assets at End of Year	\$ 3,463,155	\$ 4,630,494	\$ 8,093,649	\$ 6,601,749

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Contributions	\$ 341,157	\$ 434,310	\$ 775,467
Capital campaign	133,513	2,680,800	2,814,313
Program services	1,511,900	-	1,511,900
In-kind contributions	10,137	-	10,137
Special events, net of \$31,246 of direct expenses	518,319	-	518,319
Change in value in funds held by others	-	4,197	4,197
Investment income	10,082	-	10,082
Rental Income	3,551	-	3,551
Net assets released from restrictions	313,268	(313,268)	-
	2,841,927	2,806,039	5,647,966
Operating Expenses			
Program services	2,107,593	-	2,107,593
Administration	177,294	-	177,294
Fundraising	324,686	-	324,686
	2,609,573	-	2,609,573
Change in Net Assets	232,354	2,806,039	3,038,393
Net Assets at Beginning of Year	2,915,522	647,834	3,563,356
Net Assets at End of Year	\$ 3,147,876	\$ 3,453,873	\$ 6,601,749

See accompanying notes to financial statements

MEALS ON WHEELS OF TAMPA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	Program Services			Supporting Services		Total	
	Home Bound Meals	Nonprofits Helping Nonprofits	Total Program Services	Administration	Fundraising	2019	2018
Salaries and payroll taxes	\$ 767,992	\$ 121,560	\$ 889,552	\$ 139,972	\$ 167,917	\$ 1,197,441	\$ 1,061,890
Employee benefits	84,165	19,350	103,515	16,802	20,156	140,473	120,222
Food and packaging expenses	767,565	123,258	890,823	-	-	890,823	858,250
Depreciation	28,179	9,695	37,874	6,148	7,375	51,397	60,519
Insurance	24,956	8,586	33,542	5,444	6,531	45,517	44,217
In-kind expenses	7,004	-	7,004	1,137	1,364	9,505	10,137
Office expense	24,660	10,339	34,999	5,681	6,815	47,495	50,835
Utilities	32,250	11,096	43,346	7,036	8,440	58,822	58,579
Bad debts	33,135	11,400	44,535	7,229	8,672	60,436	45,229
Professional fees	13,929	4,792	18,721	3,039	17,645	39,405	75,502
Conferences and meetings	4,524	-	4,524	734	881	6,139	4,022
Postage and printing	40,033	13,520	53,553	8,692	17,928	80,173	31,953
Repairs and maintenance	20,819	7,163	27,982	4,542	5,449	37,973	39,419
Travel and meals	4,017	-	4,017	652	782	5,451	5,258
Telephone	4,053	1,394	5,447	884	1,061	7,392	6,940
Licenses and fees	3,165	1,089	4,254	690	828	5,772	3,218
Marketing	2,723	937	3,660	594	713	4,967	2,410
Program supplies	38,552	-	38,552	-	-	38,552	69,240
Bank charges	18,224	435	18,659	3,029	3,633	25,321	21,865
Miscellaneous	1,238	376	1,614	259	314	2,187	1,906
Taxes	-	-	-	-	-	-	6,436
Transportation	23,695	3,158	26,853	-	-	26,853	31,526
	<u>\$ 1,944,878</u>	<u>\$ 348,148</u>	<u>\$ 2,293,026</u>	<u>\$ 212,564</u>	<u>\$ 276,504</u>	<u>\$ 2,782,094</u>	<u>\$ 2,609,573</u>

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,491,900	\$ 3,038,393
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	51,397	60,519
Change in value in beneficial interest in funds held by others	(2,830)	(29,197)
Cash contributions received for the capital campaign	(2,510,627)	(389,592)
In-kind professional services for construction in progress	(85,050)	(579)
Decrease (Increase) in:		
Accounts receivable	9,079	(44,951)
Contributions receivable	(65,739)	(96,042)
Capital campaign receivable	1,243,484	(2,414,145)
Inventory	(3,504)	8,614
Prepaid expenses	11,364	(21,868)
Increase (Decrease) in:		
Accounts payable and accrued expenses	62,794	37,420
Deferred revenue	60,654	(41,981)
	262,922	106,591
Cash Flows from Investing Activities:		
Cash paid for property and equipment purchases	(16,436)	(16,791)
Payments for construction in progress	(224,102)	(32,602)
	(240,538)	(49,393)
Cash Flows from Financing Activities:		
Cash contributions received for the capital campaign	2,510,627	389,592
	2,533,011	446,790
Net Increase in Total Cash	2,533,011	446,790
Total Cash at Beginning of Year	2,312,917	1,866,127
Total Cash at End of Year	\$ 4,845,928	\$ 2,312,917
Total Cash consisted of the following at June 30:		
Cash and cash equivalents	\$ 2,169,286	\$ 1,877,595
Restricted cash	2,676,642	435,322
	\$ 4,845,928	\$ 2,312,917

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE A - NATURE OF ORGANIZATION

Meals on Wheels of Tampa, Inc. (the Organization) was established in Tampa, Florida on April 7, 1976, as a not-for-profit corporation under the laws of the State of Florida. The Organization is privately funded and its mission is to nourish and enrich the independent lives of homebound and senior individuals throughout the Tampa area. This is accomplished through daily home delivery of a hot, fresh and nutritious meal to homebound and senior individuals by caring volunteers each weekday throughout the year. The Organization also provides food service to several other not-for-profit entities through its "Non Profit Helping Non Profit" program, the proceeds from which help to fund food delivery for members of the community who are unable to contribute to the cost of their meals. The Organization is a member organization of Meals on Wheels America (MOWA) and Meals on Wheels Association of Florida. The Organization has been recognized as a "MOWA Magnet Accredited Program" for demonstrating excellence in the provision of nutrition services and meeting the national standards required for such accreditation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Organization presents information regarding its financial position and activities according to two classes of net assets described as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include the collectability of contributions, capital campaign, and accounts receivable, the fair value of contributions and capital campaign receivables, determination of the useful lives of the property and equipment, and the allocation of functional expenses.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash on deposit, certificates of deposit with maturities of less than twelve months with no material penalties for early withdrawal, and money market mutual fund accounts held with two financial institutions and a brokerage firm.

Financial instruments which potentially subject the Organization to concentrations of credit risk includes cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ended June 30, 2019 and 2018, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

In addition, the Organization invests cash in money market mutual funds and short term certificates of deposit at a brokerage firm. Amounts held by the brokerage firm are insured against physical loss by the Securities Investor Protection Corporation, and for certain balances, by federal deposit insurance.

Restricted cash includes amounts on deposit at a financial institution that are required to be deposited in a separate account in accordance with a grant agreement. Additionally, restricted cash for the capital campaign is kept in separate short-term certificates of deposit and money market mutual fund accounts at a brokerage firm.

Accounts Receivable

Accounts receivable consist of amounts due from meal recipients and others for meals provided. Management evaluates the collectability of receivables based on their age and charges uncollectible accounts to operations. Allowance for doubtful accounts is estimated based on prior years' experience and management's analysis of specific accounts.

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data

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

Contributions and Capital Campaign Receivables

Contributions receivable are for both the Organization's operations and for restricted purposes including the capital campaign for the new headquarters building. Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior years' experience and management's analysis of specific promises made.

Inventory

Inventory consists of food, packaging, and kitchen supplies. Inventory is stated at the lower of cost or market. Cost is determined principally on the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at estimated fair value at the date of receipt, if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets ranging from 3 - 40 years. Major renewals and betterments are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. It is the Organization's policy to capitalize all items which have a unit cost greater than \$1,000.

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Revenue

Deferred revenue represents funds received by the Organization but not earned for financial reporting purposes. Such amounts are recognized as revenue during the period services are provided.

Revenue Recognition

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized.

Program service revenue is recognized at the time that the services are provided.

Grants are recognized as support when performance occurs pursuant to the contract agreement. Grants are included in contributions in the accompanying statements of activities.

In the prior year, the Organization received income for a short-term rental of certain property it owns. Rent revenue was recognized as it was earned.

Donated Services and Materials

The Organization records the value of donated materials when there is an objective basis available to measure their value. These contributions are considered to be available for unrestricted use, unless specifically restricted by the donor, and have been treated as in-kind contributions.

Donated materials are recorded as support at their fair value at the date of donation.

Contributions of services are recorded as support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization also receives donated services from a variety of volunteers assisting in various fundraising and program services. No amounts for volunteer services have been recognized in the accompanying statements of activities since these services do not meet the requirements for recognition in the financial statements. The Organization tracks donated volunteer services for reporting to funding entities and to measure overall community support.

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Services and Materials - Continued

The Organization reports gifts of equipment as unrestricted support unless donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with specific 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 the explicit donor stipulations about how these 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.

Functional Allocation of Expenses

The cost of providing the Organization's various programs and other activities has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supportive services benefited.

Program and supporting expenses, when specifically identifiable, are classified to the function which incurred the expense. Salaries and payroll taxes have been allocated using estimates of the employee's time spent within each program and category. Program expenses are allocated based on the percentage of meals served to each program. Supporting expenses not directly identifiable are allocated to each function based on management's estimate of time spent within each function.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Uncertain Tax Positions

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal returns are generally open for examination for three years following the date filed.

MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising Costs

Advertising costs are expensed as incurred and were \$4,967 and \$2,410 for the years ended June 30, 2019 and 2018, respectively.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative total amounts. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018.

Impairment of Long-Lived Assets

Management reviews all long-lived assets, which consist primarily of land and buildings, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to a real property appraisal. If the carrying amount of an asset exceeds its appraisal value, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the assets.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Net assets have not been impacted as a result of these reclassifications.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available to meet general expenditures over the next twelve months at June 30:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and cash equivalents	\$ 2,169,286	\$ 1,877,595
Accounts receivables	159,550	168,629
Contributions receivables	<u>184,603</u>	<u>143,490</u>
Total financial assets	<u>\$ 2,513,439</u>	<u>\$ 2,189,714</u>

The Organization’s goal is generally to maintain financial assets to meet at least 90 days of operating expenses. As described in **NOTE I**, the Organization also has a \$150,000 line-of-credit available for use in meeting financial obligations.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 596,633	\$ 596,633
Building	349,718	349,718
Capital improvements	557,908	557,908
Furniture and fixtures	27,818	27,818
Office equipment	57,005	52,467
Kitchen equipment	216,398	213,048
Meals delivery equipment	15,984	28,886
Vehicles	<u>157,293</u>	<u>157,293</u>
	1,978,757	1,983,771
Less accumulated depreciation	<u>(939,123)</u>	<u>(909,176)</u>
	<u>\$ 1,039,634</u>	<u>\$ 1,074,595</u>

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE D - PROPERTY AND EQUIPMENT - CONTINUED

Construction in Progress

During the year ended June 30, 2018, the Organization began the process of constructing its new headquarters. The expenditures on construction costs at June 30, 2019 and 2018 are \$342,333 and \$33,181, respectively. Depreciation will commence when the construction on the building is complete and placed into service.

NOTE E - CONTRIBUTIONS RECEIVABLE

Contributions receivable are related to amounts pledged to the Organization to support operations and amounts pledged for the capital campaign to fund the construction costs of its new headquarters.

Contributions receivable related to amounts pledged to the Organization during its annual fundraising campaigns are presented net of management's estimate of uncollectible amounts, and are discounted to present value at rates ranging from 2% to 4%.

Contributions receivable for operations at June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Contributions receivable	\$ 851,181	\$ 781,236
Less allowance for uncollectible contributions receivable	(34,000)	(32,600)
Less unamortized discount to present value	<u>(57,243)</u>	<u>(54,437)</u>
	759,938	694,199
Current portion	<u>(184,603)</u>	<u>(143,490)</u>
Long-term portion	<u>\$ 575,335</u>	<u>\$ 550,709</u>

Anticipated collection periods of contributions receivable at June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 184,603	\$ 143,490
One to five years	658,852	628,971
After five years	7,726	8,775
	851,181	781,236
Less allowance for uncollectible contributions receivable	(34,000)	(32,600)
Less unamortized discount to present value	<u>(57,243)</u>	<u>(54,437)</u>
	<u>\$ 759,938</u>	<u>\$ 694,199</u>

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE E - CONTRIBUTIONS RECEIVABLE – CONTINUED

Contributions receivable related to the capital campaign are for the acquisition and construction of the new headquarters. The land was acquired on March 31, 2017 and the campaign to raise funds for the building began in fiscal 2018. Capital campaign receivables are presented net of management's estimate of uncollectible amounts, and are discounted to present value at 4%.

Contributions receivable for the capital campaign at June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Contributions receivable - capital campaign	\$ 1,231,087	\$ 2,459,232
Less allowance for uncollectible contributions receivable - capital campaign	(13,300)	(10,000)
Less unamortized discount to present value	<u>(47,126)</u>	<u>(35,087)</u>
	1,170,661	2,414,145
Current portion	<u>(557,578)</u>	<u>(972,248)</u>
Long-term portion	<u>\$ 613,083</u>	<u>\$ 1,441,897</u>

Anticipated collection periods of contributions receivable for the capital campaign at June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Within one year	\$ 557,578	\$ 972,248
One to five years	673,509	1,486,984
After five years	-	-
	<u>1,231,087</u>	<u>2,459,232</u>
Less allowance for uncollectible contributions receivable - capital campaign	(13,300)	(10,000)
Less unamortized discount to present value	<u>(47,126)</u>	<u>(35,087)</u>
	<u>\$ 1,170,661</u>	<u>\$ 2,414,145</u>

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE F - BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Organization has a beneficial interest in assets held by the Community Foundation of Tampa Bay, Inc. (CFTB) with balances of \$81,704 and \$78,874 at June 30, 2019 and 2018, respectively. This balance is included in net assets with donor restrictions. Typically, earnings on the endowment funds are distributed to the Organization quarterly at a distribution rate between 5% - 7% of the fund's balance as of December 31 of the year preceding the distribution. As of July 2017, the Organization has elected to have future distributions re-invested in the funds. The fair value of the beneficial interest approximates its recorded value as of June 30, 2019 and 2018.

NOTE G - BENEFICIAL INTEREST IN A DESIGNATED FUND

The Organization has a beneficial interest in certain designated funds held by the CFTB. These designated funds came from sources other than the Organization that had explicitly granted variance power to CFTB, so they are not recorded in the Organization's accompanying statements of financial position as an asset. Earnings on the endowment funds are distributed to the Organization quarterly and are recognized as unrestricted contributions in the statements of activities.

NOTE H - FAIR VALUE MEASUREMENT

The Organization's investments are reported at fair value in the accompanying statements of financial position. Following is a description of valuation methodologies used for investments measured at fair value:

Certificates of deposit are valued on the basis of the performance of the underlying assets. These are included as level 2 measurements in the tables below.

Money market funds are valued at the closing price reported by the fund sponsor from an actively traded exchange. These are included as level 1 measurements in the tables below.

Beneficial interest in funds held by others are investments managed by a third party who is unrelated to this Organization. The trust assets are valued based upon the third-party information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values.

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE H - FAIR VALUE MEASUREMENT - CONTINUED

Fair Value Measurements at June 30, 2019				
Description:	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Assets:				
Certificates of deposit	\$ -	\$ 2,478,985	\$ -	\$ 2,478,985
Money market mutual funds	1,813,097	-	-	1,813,097
Beneficial interest	-	-	81,704	81,704
Total assets at fair value	\$ 1,813,097	\$ 2,478,985	\$ 81,704	\$ 4,373,786

Fair Value Measurements at June 30, 2018				
Description:	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value
Assets:				
Certificates of deposit	\$ -	\$ 1,269,412	\$ -	\$ 1,269,412
Money market mutual funds	642,558	-	-	642,558
Beneficial interest	-	-	78,874	78,874
Total assets at fair value	\$ 642,558	\$ 1,269,412	\$ 78,874	\$ 1,990,844

The following table illustrates a roll-forward for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2019 and 2018:

	2019	2018
Beneficial interest in funds held by others at beginning of year	\$ 78,874	\$ 49,677
Additions	-	25,000
Realized and unrealized (losses) gains, net	2,830	4,197
Beneficial interest in funds held by others at end of year	\$ 81,704	\$ 78,874

MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE I - LINE-OF-CREDIT

The Organization has a \$150,000 revolving line-of-credit with a bank. Borrowings under the line-of-credit are due on the earlier of the bank's demand or the expiration date of the agreement. The line-of-credit is unsecured, bears interest at the bank's prime rate plus 1% (6.50% and 6.00% at June 30, 2019 and 2018, respectively), and expires on August 1, 2019. There was no balance outstanding on the line-of-credit at June 30, 2019 and 2018. In August 2019 the line-of-credit was renewed for an additional year and expires on August 1, 2020.

Subsequent to year end, the Organization entered into a \$2,000,000 non-revolving line-of-credit with the same bank to finance the construction of the new headquarters building. Borrowings under this line-of-credit will accrue interest at a fixed rate of 3.99% and will be secured by capital campaign pledges receivable. The agreement matures on August 12, 2023 and contains certain provisions that limit the Organization's ability to incur new debt and require the maintenance of a certain financial ratio.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from restrictions amounted to \$508,913 and \$313,268 for the years ended June 30, 2019 and 2018, respectively, and in general, are due to the collection of contributions receivable and restricted cash spent on construction in progress.

Net assets with donor restrictions consist of the following as of June 30, 2019:

Contributions receivable, net - time restricted	\$ 759,938
Capital campaign receivable, net - time and purpose restricted	1,170,661
Capital campaign funds received - purpose restricted	2,618,191
Beneficial interest in funds held by others - purpose restricted	<u>81,704</u>
	<u>\$ 4,630,494</u>

Net assets with donor restrictions consist of the following as of June 30, 2018:

Contributions receivable, net - time restricted	\$ 694,199
Capital campaign receivable, net - time and purpose restricted	2,414,145
Capital campaign funds received - purpose restricted	266,655
Beneficial interest in funds held by others - purpose restricted	<u>78,874</u>
	<u>\$ 3,453,873</u>

**MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE K - COMMITMENTS

Annuity Plan

The Organization sponsors a tax deferred annuity plan covering all eligible employees. Contributions to the plan are discretionary and are determined by the Board of Directors. The Organization matches contributions to the plan up to 50% of employees' elective deferrals up to 2% of eligible gross wages. In addition, the Board, at its discretion, may make an additional percentage-based contribution to each eligible employee's account after the end of each plan year. The Organization made discretionary contributions of \$33,059 and \$27,726 to the plan for the years ended June 30, 2019 and 2018, respectively.

Contractual Commitments

The Organization has various contract commitments to institutions and not-for-profit organizations to provide and deliver meals to certain institutionalized individuals and others. Terms of these contracts are generally one year, subject to cancellation on sufficient notice.

NOTE L – CONCENTRATION

At June 30, 2019 and 2018, two customers accounted for 42% and 45%, respectively, of total accounts receivable.

Additionally, at June 30, 2019 and 2018, four donors accounted for 74% and 87%, respectively, of the total capital campaign receivables.

NOTE M – IN-KIND CONTRIBUTIONS

For the years ended June 30, 2019 and 2018, the Organization received in-kind contributions of \$87,055 and \$10,716, respectively. Of these total in-kind contributions, \$85,050 and \$579 were in-kind professional services used for the construction of the new headquarters building.

NOTE N - OPERATING LEASES

The Organization leases office equipment under a non-cancelable operating lease. Lease expense for the years ended June 30, 2019 and 2018 was approximately \$4,800 and \$4,500, respectively.

Based on the terms of the agreement, the future minimum payments due on the lease are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 4,485
2021	4,485
2022	<u>3,737</u>
	<u>\$ 12,707</u>

MEALS ON WHEELS OF TAMPA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE O - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through September 10, 2019, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events, except disclosed in **NOTE I**, which would require recognition or disclosure in the financial statements.