

# **Meals on Wheels of Tampa, Inc.**

Financial Statements

June 30, 2020 and 2019



**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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PDR CPAs + Advisors*

Oldsmar, Florida  
September 15, 2020

**MEALS ON WHEELS OF TAMPA, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| <b><u>ASSETS</u></b>   |                     |                     |
| <b>Current Assets</b>  |                     |                     |
| Cash and cash equivalents  | \$ 3,193,437        | \$ 2,169,286        |
| Restricted cash  | 1,105,284           | 2,676,642           |
| Accounts receivable, net of allowance for doubtful<br>accounts of \$2,000 and \$13,100, respectively | 122,193             | 159,550             |
| Contributions receivable - current portion   | 192,239             | 184,603             |
| Capital campaign receivable - current portion  | 88,981              | 557,578             |
| Inventory  | 41,147              | 26,846              |
| Prepaid expenses   | 34,889              | 37,989              |
| <b>Total current assets</b>  | <b>4,778,170</b>    | <b>5,812,494</b>    |
| <b>Other Assets</b>  |                     |                     |
| Contributions receivable, net - long-term portion  | 554,354             | 575,335             |
| Capital campaign receivable, net - long-term portion   | 327,001             | 613,083             |
| Beneficial interest in funds held by others  | 81,218              | 81,704              |
| Construction in progress   | 3,715,721           | 342,333             |
| Property and equipment, net  | 629,325             | 1,039,634           |
| <b>Total Assets</b>  | <b>\$10,085,789</b> | <b>\$ 8,464,583</b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>   |                     |                     |
| <b>Current Liabilities</b>   |                     |                     |
| Accounts payable and accrued liabilities   | \$ 867,803          | \$ 278,288          |
| Deferred revenue   | 44,545              | 92,646              |
| Note payable - current portion   | 105,172             | -                   |
| <b>Total current liabilities</b>   | <b>1,017,520</b>    | <b>370,934</b>      |
| Note payable   | 132,828             | -                   |
| <b>Net Assets</b>  |                     |                     |
| Without donor restrictions   | 6,616,356           | 3,463,155           |
| With donor restrictions  | 2,319,085           | 4,630,494           |
| <b>Total net assets</b>  | <b>8,935,441</b>    | <b>8,093,649</b>    |
| <b>Total Liabilities and Net Assets</b>  | <b>\$10,085,789</b> | <b>\$ 8,464,583</b> |

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

|  | Without Donor       | With Donor          | Total               |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Restrictions        | Restrictions        | 2020                | 2019                |
| <b>Operating Support and Revenue</b>               |                     |                     |                     |                     |
| Contributions                                      | \$ 1,053,363        | \$ 327,197          | \$ 1,380,560        | \$ 788,190          |
| Capital campaign                                   | -                   | 303,117             | 303,117             | 1,282,482           |
| Program services                                   | 1,566,126           | -                   | 1,566,126           | 1,529,680           |
| In-kind contributions                              | 312,668             | -                   | 312,668             | 87,055              |
| Special events, net of \$41,550 of direct expenses | 457,747             | -                   | 457,747             | 541,879             |
| Change in value in funds held by others            | -                   | (486)               | (486)               | 2,830               |
| Investment income, net                             | 40,774              | 41,699              | 82,473              | 41,878              |
| Net assets released from restrictions              | 2,982,936           | (2,982,936)         | -                   | -                   |
| <b>Total operating support and revenue</b>         | <b>6,413,614</b>    | <b>(2,311,409)</b>  | <b>4,102,205</b>    | <b>4,273,994</b>    |
| <b>Operating Expenses</b>                          |                     |                     |                     |                     |
| Program services                                   | 2,709,069           | -                   | 2,709,069           | 2,293,026           |
| Administration                                     | 269,425             | -                   | 269,425             | 212,564             |
| Fundraising  | 281,919             | -                   | 281,919             | 276,504             |
| <b>Total operating expenses</b>                    | <b>3,260,413</b>    | <b>-</b>            | <b>3,260,413</b>    | <b>2,782,094</b>    |
| <b>Change in Net Assets</b>                        | <b>3,153,201</b>    | <b>(2,311,409)</b>  | <b>841,792</b>      | <b>1,491,900</b>    |
| <b>Net Assets at Beginning of Year</b>             | <b>3,463,155</b>    | <b>4,630,494</b>    | <b>8,093,649</b>    | <b>6,601,749</b>    |
| <b>Net Assets at End of Year</b>                   | <b>\$ 6,616,356</b> | <b>\$ 2,319,085</b> | <b>\$ 8,935,441</b> | <b>\$ 8,093,649</b> |

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

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|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>Operating Support and Revenue</b>               |                                       |                                    |                     |
| Contributions                                      | \$ 396,388                            | \$ 391,802                         | \$ 788,190          |
| Capital campaign                                   | -                                     | 1,282,482                          | 1,282,482           |
| Program services                                   | 1,529,680                             | -                                  | 1,529,680           |
| In-kind contributions                              | 87,055                                | -                                  | 87,055              |
| Special events, net of \$33,553 of direct expenses | 541,879                               | -                                  | 541,879             |
| Change in value in funds held by others            | -                                     | 2,830                              | 2,830               |
| Investment income, net                             | 33,458                                | 8,420                              | 41,878              |
| Net assets released from restrictions              | 508,913                               | (508,913)                          | -                   |
| <b>Total operating support and revenue</b>         | <u>3,097,373</u>                      | <u>1,176,621</u>                   | <u>4,273,994</u>    |
| <b>Operating Expenses</b>                          |                                       |                                    |                     |
| Program services                                   | 2,293,026                             | -                                  | 2,293,026           |
| Administration                                     | 212,564                               | -                                  | 212,564             |
| Fundraising  | 276,504                               | -                                  | 276,504             |
| <b>Total operating expenses</b>                    | <u>2,782,094</u>                      | <u>-</u>                           | <u>2,782,094</u>    |
| <b>Change in Net Assets</b>                        | 315,279                               | 1,176,621                          | 1,491,900           |
| <b>Net Assets at Beginning of Year</b>             | <u>3,147,876</u>                      | <u>3,453,873</u>                   | <u>6,601,749</u>    |
| <b>Net Assets at End of Year</b>                   | <u>\$ 3,463,155</u>                   | <u>\$ 4,630,494</u>                | <u>\$ 8,093,649</u> |

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

|                             | Program Services    |                                     |                              | Supporting Services |                   | Total               |                     |
|-----------------------------|---------------------|-------------------------------------|------------------------------|---------------------|-------------------|---------------------|---------------------|
|                             | Home Bound<br>Meals | Nonprofits<br>Helping<br>Nonprofits | Total<br>Program<br>Services | Administration      | Fundraising       | 2020                | 2019                |
| Salaries and payroll taxes  | \$ 853,723          | \$ 120,535                          | \$ 974,258                   | \$ 152,229          | \$ 151,377        | \$ 1,277,864        | \$ 1,197,441        |
| Employee benefits           | 87,176              | 17,764                              | 104,940                      | 16,571              | 16,478            | 137,989             | 140,473             |
| Food and packaging expenses | 792,478             | 120,565                             | 913,043                      | -                   | -                 | 913,043             | 890,823             |
| Depreciation                | 248,414             | 66,921                              | 315,335                      | 49,795              | 49,516            | 414,646             | 51,397              |
| Insurance                   | 41,086              | 11,068                              | 52,154                       | 8,236               | 8,190             | 68,580              | 45,517              |
| In-kind expenses            | 13,470              | -                                   | 13,470                       | 2,127               | 2,115             | 17,712              | 9,505               |
| Office expense              | 32,999              | 10,019                              | 43,018                       | 6,793               | 6,755             | 56,566              | 47,495              |
| Utilities                   | 36,541              | 9,844                               | 46,385                       | 7,325               | 7,284             | 60,994              | 58,822              |
| Bad debts                   | 49,237              | -                                   | 49,237                       | 7,775               | 7,732             | 64,744              | 60,436              |
| Professional fees           | 4,864               | 4,428                               | 9,292                        | 1,467               | 15,459            | 26,218              | 39,405              |
| Conferences and meetings    | 3,203               | -                                   | 3,203                        | 506                 | 503               | 4,212               | 6,139               |
| Postage and printing        | 25,735              | 5,191                               | 30,926                       | 4,884               | 4,856             | 40,666              | 80,173              |
| Repairs and maintenance     | 21,119              | 5,689                               | 26,808                       | 4,233               | 4,210             | 35,251              | 37,973              |
| Travel and meals            | 4,409               | 12                                  | 4,421                        | 698                 | 694               | 5,813               | 5,451               |
| Telephone                   | 4,153               | 1,119                               | 5,272                        | 833                 | 828               | 6,933               | 7,392               |
| Licenses and fees           | 4,826               | 1,300                               | 6,126                        | 967                 | 962               | 8,055               | 5,772               |
| Advertising and marketing   | 4,583               | 882                                 | 5,465                        | -                   | -                 | 5,465               | 4,967               |
| Program supplies            | 45,750              | -                                   | 45,750                       | -                   | -                 | 45,750              | 38,552              |
| Bank charges                | 29,111              | 638                                 | 29,749                       | 4,698               | 4,671             | 39,118              | 25,321              |
| Miscellaneous               | 1,587               | 254                                 | 1,841                        | 288                 | 289               | 2,418               | 2,187               |
| Transportation              | 23,987              | 4,389                               | 28,376                       | -                   | -                 | 28,376              | 26,853              |
|                             | <u>\$ 2,328,451</u> | <u>\$ 380,618</u>                   | <u>\$ 2,709,069</u>          | <u>\$ 269,425</u>   | <u>\$ 281,919</u> | <u>\$ 3,260,413</u> | <u>\$ 2,782,094</u> |

See accompanying notes to financial statements



**MEALS ON WHEELS OF TAMPA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

|  | <b>2020</b>         | <b>2019</b>         |
|--|---------------------|---------------------|
| <b>Cash Flows from Operating Activities:</b>   |                     |                     |
| Change in net assets   | \$ 841,792          | \$ 1,491,900        |
| <b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b> |                     |                     |
| Depreciation   | 414,646             | 51,397              |
| Change in value in beneficial interest in funds held by others                                     | 486                 | (2,830)             |
| Cash contributions received for the capital campaign   | (1,047,596)         | (2,510,627)         |
| In-kind professional services for construction in progress   | (294,956)           | (85,050)            |
| <b>Decrease (Increase) in:</b>   |                     |                     |
| Accounts receivable  | 37,357              | 9,079               |
| Contributions receivable   | 13,345              | (65,739)            |
| Capital campaign receivable  | 754,679             | 1,243,484           |
| Inventory  | (14,301)            | (3,504)             |
| Prepaid expenses   | 3,100               | 11,364              |
| <b>Increase (Decrease) in:</b>   |                     |                     |
| Accounts payable and accrued expenses  | 589,517             | 62,794              |
| Deferred revenue   | (48,101)            | 60,654              |
|  | <b>1,249,968</b>    | <b>262,922</b>      |
| <b>Net cash provided by operating activities</b>   |                     |                     |
| <b>Cash Flows from Investing Activities:</b>   |                     |                     |
| Cash paid for property and equipment purchases   | (4,338)             | (16,436)            |
| Payments for construction in progress  | (3,078,433)         | (224,102)           |
|  | <b>(3,082,771)</b>  | <b>(240,538)</b>    |
| <b>Net cash used in investing activities</b>   |                     |                     |
| <b>Cash Flows from Financing Activities:</b>   |                     |                     |
| Proceeds from note payable   | 238,000             | -                   |
| Cash contributions received for the capital campaign   | 1,047,596           | 2,510,627           |
|  | <b>1,285,596</b>    | <b>2,510,627</b>    |
| <b>Net cash provided by financing activities</b>   |                     |                     |
| <b>Net (Decrease) Increase in Total Cash</b>   | <b>(547,207)</b>    | <b>2,533,011</b>    |
| <b>Total Cash at Beginning of Year</b>   | <b>4,845,928</b>    | <b>2,312,917</b>    |
| <b>Total Cash at End of Year</b>   | <b>\$ 4,298,721</b> | <b>\$ 4,845,928</b> |
| <b>Total Cash consisted of the following at June 30:</b>   |                     |                     |
| Cash and cash equivalents  | \$ 3,193,437        | \$ 2,169,286        |
| Restricted cash  | 1,105,284           | 2,676,642           |
|  | <b>\$ 4,298,721</b> | <b>\$ 4,845,928</b> |

See accompanying notes to financial statements

**MEALS ON WHEELS OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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**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 with a mission to nourish, enrich and strengthen the lives of seniors and individuals in the community who have difficulty leaving their homes and are challenged to prepare meals. This is accomplished through daily home delivery of a hot, fresh and nutritious meal to community members in need due to age or disability. The food delivery and daily wellness check are provided 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 report 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, 2020 AND 2019**

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**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, 2020 and 2019, 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 and amounts on deposit at a financial institution.

**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, 2020 AND 2019**

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**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. When measuring fair value, a fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. 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 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 net realizable value. 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, 2020 AND 2019**

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**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.

**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, 2020 AND 2019**

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**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, 2020 AND 2019**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities consists of the following at June 30, 2020 and 2019:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Accounts payable                               | \$ 323,873        | \$ 76,604         |
| Accrued expenses                               | 712               | 751               |
| Accrued payroll and employee benefits          | 230,786           | 200,933           |
| Accrued construction costs                     | <u>312,432</u>    | <u>-</u>          |
| Total accounts payable and accrued liabilities | <u>\$ 867,803</u> | <u>\$ 278,288</u> |

**Advertising Costs**

Advertising costs are expensed as incurred and were \$5,465 and \$4,967 for the years ended June 30, 2020 and 2019, 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, 2019.

**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.

**MEALS ON WHEELS OF TAMPA, INC.  
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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**New Accounting Pronouncements**

In June 2018, the FASB issued ASU 2018-08, Not for Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The Organization adopted ASU 2018-08 effective July 1, 2019 and determined that the adoption will not result in a material change to how it accounts for revenue from contributions and grants.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance uses a principles-based approach for determining revenue recognition and establishes a five-step approach for the recognition of revenue. Topic 606 applies to the Organization’s revenues generated from providing services that are considered exchange transactions. Management has determined that the adoption of ASU 2014-09 will not result in a material change to the timing of when revenue is recognized and there was no cumulative effect adjustment recorded to opening net assets as of July 1, 2019 upon adoption of the standard.

**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>2020</u>         | <u>2019</u>         |
|---------------------------|---------------------|---------------------|
| Financial Assets:         |                     |                     |
| Cash and cash equivalents | \$ 3,193,437        | \$ 2,169,286        |
| Accounts receivable       | 122,193             | 159,550             |
| Contributions receivable  | <u>192,239</u>      | <u>184,603</u>      |
| Total financial assets    | <u>\$ 3,507,869</u> | <u>\$ 2,513,439</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.



**MEALS ON WHEELS OF TAMPA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2020 and 2019:

|                               | <u>2020</u>        | <u>2019</u>         |
|-------------------------------|--------------------|---------------------|
| Land                          | \$ 596,633         | \$ 596,633          |
| Building                      | 349,718            | 349,718             |
| Capital improvements          | 559,936            | 557,908             |
| Furniture and fixtures        | 27,818             | 27,818              |
| Office equipment              | 58,395             | 57,005              |
| Kitchen equipment             | 216,398            | 216,398             |
| Meals delivery equipment      | 16,904             | 15,984              |
| Vehicles                      | 157,293            | 157,293             |
|                               | <u>1,983,095</u>   | <u>1,978,757</u>    |
| Less accumulated depreciation | <u>(1,353,770)</u> | <u>(939,123)</u>    |
|                               | <u>\$ 629,325</u>  | <u>\$ 1,039,634</u> |

During the year ended June 30, 2020, management determined certain assets, including the current building, capital improvements, and certain kitchen equipment, had a remaining useful life of less than one year. This change in estimated useful life resulted in additional depreciation expense of approximately \$366,000.

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, 2020 and 2019 are \$3,715,721 and \$342,333, respectively. Depreciation will commence when the construction on the building is complete and placed into service, which is expected to occur during the first quarter of fiscal 2021.

**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 1% to 4%.

**MEALS ON WHEELS OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE E - CONTRIBUTIONS RECEIVABLE – CONTINUED**

Contributions receivable for operations at June 30, 2020 and 2019 are summarized as follows:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Contributions receivable                                     | \$ 812,259        | \$ 851,181        |
| Less allowance for uncollectible<br>contributions receivable | (34,300)          | (34,000)          |
| Less unamortized discount to present value                   | <u>(31,366)</u>   | <u>(57,243)</u>   |
|  | 746,593           | 759,938           |
| Current portion  | <u>(192,239)</u>  | <u>(184,603)</u>  |
| Long-term portion  | <u>\$ 554,354</u> | <u>\$ 575,335</u> |

Anticipated collection periods of contributions receivable at June 30, 2020 and 2019 are summarized as follows:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Within one year  | \$ 192,239        | \$ 184,603        |
| One to five years  | 603,921           | 658,852           |
| After five years   | <u>16,099</u>     | <u>7,726</u>      |
|  | 812,259           | 851,181           |
| Less allowance for uncollectible<br>contributions receivable | (34,300)          | (34,000)          |
| Less unamortized discount to present value                   | <u>(31,366)</u>   | <u>(57,243)</u>   |
|  | <u>\$ 746,593</u> | <u>\$ 759,938</u> |

**MEALS ON WHEELS OF TAMPA, INC.  
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**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 rates ranging from 1% to 4%.

Contributions receivable for the capital campaign at June 30, 2020 and 2019 are summarized as follows:

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Contributions receivable - capital campaign                                     | \$ 443,957        | \$ 1,231,087      |
| Less allowance for uncollectible<br>contributions receivable - capital campaign | (8,500)           | (13,300)          |
| Less unamortized discount to present value                                      | <u>(19,475)</u>   | <u>(47,126)</u>   |
|   | 415,982           | 1,170,661         |
| Current portion   | <u>(88,981)</u>   | <u>(557,578)</u>  |
| Long-term portion   | <u>\$ 327,001</u> | <u>\$ 613,083</u> |

Anticipated collection periods of contributions receivable for the capital campaign at June 30, 2020 and 2019 are summarized as follows:

|   | <u>2020</u>       | <u>2019</u>         |
|---|-------------------|---------------------|
| Within one year   | \$ 88,981         | \$ 557,578          |
| One to five years   | 354,976           | 673,509             |
| After five years  | -                 | -                   |
|   | <u>443,957</u>    | <u>1,231,087</u>    |
| Less allowance for uncollectible<br>contributions receivable - capital campaign | (8,500)           | (13,300)            |
| Less unamortized discount to present value                                      | <u>(19,475)</u>   | <u>(47,126)</u>     |
|   | <u>\$ 415,982</u> | <u>\$ 1,170,661</u> |

**MEALS ON WHEELS OF TAMPA, INC.**  
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**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 \$81,218 and \$81,704 at June 30, 2020 and 2019, 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, 2020 and 2019.

**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. These investments are included as level 3 measurements in the following tables.

**MEALS ON WHEELS OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE H - FAIR VALUE MEASUREMENT - CONTINUED**

| <b>Fair Value Measurements at June 30, 2020</b> |   |  |  |                                 |
|---|---|--|--|---------------------------------|
| <b>Description:</b>                             | <b>Quoted Prices<br/>In Active<br/>Markets for<br/>Identical<br/>Assets<br/>Level 1</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>Level 2</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>Level 3</b> | <b>Total<br/>Fair<br/>Value</b> |
| <b>Assets:</b>                                  |   |  |  |                                 |
| Certificates of deposit                         | \$ -  | \$ 1,007,870   | \$ -   | \$ 1,007,870                    |
| Money market mutual funds                       | 2,403,700   | -  | -  | 2,403,700                       |
| Beneficial interest                             | -   | -  | 81,218   | 81,218                          |
|   |   |  |  |                                 |
| Total assets at fair value                      | <u>\$ 2,403,700</u>   | <u>\$ 1,007,870</u>  | <u>\$ 81,218</u>   | <u>\$ 3,492,788</u>             |

| <b>Fair Value Measurements at June 30, 2019</b> |   |  |  |                                 |
|---|---|--|--|---------------------------------|
| <b>Description:</b>                             | <b>Quoted Prices<br/>In Active<br/>Markets for<br/>Identical<br/>Assets<br/>Level 1</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>Level 2</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>Level 3</b> | <b>Total<br/>Fair<br/>Value</b> |
| <b>Assets:</b>                                  |   |  |  |                                 |
| 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                      | <u>\$ 1,813,097</u>   | <u>\$ 2,478,985</u>  | <u>\$ 81,704</u>   | <u>\$ 4,373,786</u>             |

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, 2020 and 2019:

|  | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
| Beneficial interest in funds held by others at beginning of year | \$ 81,704        | \$ 78,874        |
| Additions  | -                | -                |
| Realized and unrealized (losses) gains, net                      | (486)            | 2,830            |
| Beneficial interest in funds held by others at end of year       | <u>\$ 81,218</u> | <u>\$ 81,704</u> |

**MEALS ON WHEELS OF TAMPA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**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% (4.25% and 6.50% at June 30, 2020 and 2019, respectively), and expires in October 2020. There was no balance outstanding on the line-of-credit at June 30, 2020 and 2019.

During the year, 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. There was no balance outstanding on the line-of-credit at June 30, 2020.

**NOTE J – NOTE PAYABLE**

Note payable consists of the following at June 30, 2020:

|   |    |                  |
|---|----|------------------|
| Note payable pursuant to the Paycheck Protection Program ("PPP"), accruing interest at 1.00%, payable in monthly installments of \$13,394 commencing October 2020, maturing in April 2022 | \$ | 238,000          |
| Less current portion  |    | <u>(105,172)</u> |
| Note payable, net of current portion  | \$ | <u>132,828</u>   |

Annual maturities of note payable are as follows:

| <u>Years Ending<br/>June 30,</u> | <u>Amount</u>     |
|----------------------------------|-------------------|
| 2021                             | \$ 105,172        |
| 2022                             | <u>132,828</u>    |
|                                  | <u>\$ 238,000</u> |

The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying entities. The loan and accrued interest are forgivable as long as the loan proceeds are used for qualifying expenses as described in the CARES Act. While the Organization currently intends to use the entire loan amount for qualifying expenses, the Organization is not able to assure that the loan, in whole or in part, will be eligible for forgiveness.

**MEALS ON WHEELS OF TAMPA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE K - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets released from restrictions amounted to \$2,982,936 and \$508,913 for the years ended June 30, 2020 and 2019, 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, 2020:

|  |                     |
|--|---------------------|
| Contributions receivable, net - time restricted                  | \$ 746,593          |
| Capital campaign receivable, net - time and purpose restricted   | 415,982             |
| Capital campaign funds received - purpose restricted             | 1,075,292           |
| Beneficial interest in funds held by others - purpose restricted | <u>81,218</u>       |
|  | <u>\$ 2,319,085</u> |

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> |

**NOTE L - 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 \$34,796 and \$33,059 to the plan for the years ended June 30, 2020 and 2019, 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.

**MEALS ON WHEELS OF TAMPA, INC.  
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**NOTE M – CONCENTRATION**

At June 30, 2020 and 2019, one and two customers accounted for 24% and 42%, respectively, of total accounts receivable.

Additionally, at June 30, 2020 and 2019, three and four donors, respectively, accounted for 74% of the total capital campaign receivables.

**NOTE N – IN-KIND CONTRIBUTIONS**

For the years ended June 30, 2020 and 2019, the Organization received in-kind contributions of \$312,668 and \$87,055, respectively. Of these total in-kind contributions, \$294,956 and \$85,050 were in-kind professional services used for the construction of the new headquarters building and were capitalized as part of the construction cost.

**NOTE O - OPERATING LEASES**

The Organization leases office equipment under a non-cancelable operating lease. Lease expense for the years ended June 30, 2020 and 2019 was approximately \$4,700 and \$4,800, respectively.

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

| <u>Years Ending<br/>June 30,</u> | <u>Amount</u>   |
|----------------------------------|-----------------|
| 2021                             | \$ 4,485        |
| 2022                             | <u>3,737</u>    |
|                                  | <u>\$ 8,222</u> |

**NOTE P - SUBSEQUENT EVENTS**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ended June 30, 2021.

The Organization has evaluated all subsequent events through September 15, 2020, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events, except as disclosed above, which would require recognition or disclosure in the financial statements.