

**MEALS ON WHEELS  
OF COLUMBIA, INC.**

Columbia, Missouri

**INDEPENDENT AUDITORS' REPORT**

For the Years Ended December 31, 2018 and 2017

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# Evers & Company, CPA's, L.L.C.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Meals on Wheels of Columbia, Inc.**  
Columbia, Missouri:

Elmer L. Evers, Emeritus  
Jerome L. Kauffman, Emeritus  
Keith L. Taylor, Emeritus

We have audited the accompanying financial statements of **Meals on Wheels of Columbia, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Meals on Wheels of Columbia, Inc.** as of December 31, 2018 and 2017, 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.

### **Prior Period Financial Statements**

The financial statements of **Meals on Wheels of Columbia, Inc.** as of December 31, 2017 were audited by other auditors whose report dated August 24, 2018, expressed an unmodified opinion on those statements.

*Evers & Company, CPA's, LLC*

EVERS & COMPANY, CPA's, L.L.C.  
Jefferson City, Missouri

May 7, 2019

**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2018 and 2017

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 128,211	\$ 86,268
Investments	732,476	843,570
Accounts Receivable - Clients	10,224	9,499
Accounts Receivable - Contracts	16,500	16,500
Prepaid Expenses	3,835	3,942
<b>Total Current Assets</b>	<b>891,246</b>	<b>959,779</b>
<b>Property and Equipment:</b>		
Furniture and Equipment	3,349	8,264
Delivery Equipment	-	463
Webpage	4,030	4,030
Less: Accumulated Depreciation	(5,133)	(9,366)
<b>Net Property and Equipment</b>	<b>2,246</b>	<b>3,391</b>
<b>Other Assets:</b>		
Certificates of Deposit	39,426	38,908
<b>Total Other Assets</b>	<b>39,426</b>	<b>38,908</b>
<b>TOTAL ASSETS</b>	<b>\$ 932,918</b>	<b>\$ 1,002,078</b>

**LIABILITIES AND NET ASSETS**

	<u>2018</u>	<u>2017</u>
<b>Current Liabilities:</b>		
Accounts Payable	\$ 12,757	\$ 10,852
Accrued Vacation	2,086	2,579
<b>Total Current Liabilities</b>	<b>14,843</b>	<b>13,431</b>
<b>Net Assets:</b>		
Without Donor Restrictions	918,075	988,647
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 932,918</b>	<b>\$ 1,002,078</b>

See accompanying notes to the financial statements.

**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2018 and 2017

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

	<u>2018</u>	<u>2017</u>
<b>Support:</b>		
Program Services	\$ 125,288	\$ 76,339
Contributions	64,782	154,246
Fundraising	77,695	94,515
Local Grants	12,916	14,033
City of Columbia	50,000	50,000
Interest and Dividends	32,403	20,271
Investment Income/(Loss)	(100,861)	75,508
In-kind Contributions	316,451	318,749
Miscellaneous	-	514
<b>Total Support</b>	<u>578,674</u>	<u>804,175</u>
<b>Expenses:</b>		
Program Services	578,167	540,641
Support Services:		
Management and General	27,115	22,526
Fundraising	43,964	48,260
Total Support Services	<u>71,079</u>	<u>70,786</u>
<b>Total Expenses</b>	<u>649,246</u>	<u>611,427</u>
<b>Increase/(Decrease) in Net Assets</b>		
<b>Without Donor Restrictions</b>	(70,572)	192,748
<b>NET ASSETS WITHOUT DONOR</b>		
<b>RESTRICTIONS, BEGINNING OF YEAR</b>	<u>988,647</u>	<u>795,899</u>
<b>NET ASSETS WITHOUT DONOR</b>		
<b>RESTRICTIONS, END OF YEAR</b>	<u>\$ 918,075</u>	<u>\$ 988,647</u>

See accompanying notes to the financial statements.

**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2018

	PROGRAM		SUPPORT SERVICES		TOTAL EXPENSES
	MEAL DELIVERY	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	
Salary & Wages	\$ 71,420	\$ 12,603	\$ -	\$ 84,023	
Payroll Taxes	5,464	964	-	6,428	
Employee Benefits	16,617	2,933	-	19,550	
Food	152,397	-	31,219	183,616	
Volunteer Expenses	3,378	-	-	3,378	
Rent and Utilities	3,345	590	-	3,935	
Telephone	2,647	467	-	3,114	
Local Travel	845	-	-	845	
Printing and Advertising	1,518	268	-	1,786	
Postage	142	71	71	284	
Conferences, Training, and Dues	-	2,512	-	2,512	
Office Expense	4,063	680	-	4,743	
Insurance	2,437	430	-	2,867	
Professional Fees	4,123	4,294	2,062	10,479	
Repairs and Maintenance	-	158	-	158	
Bank Fees	2,768	-	-	2,768	
Bad Debt	1,164	-	-	1,164	
In-Kind Expense	305,839	-	10,612	316,451	
Depreciation Expense	-	1,145	-	1,145	
<b>Total Functional Expenses</b>	<b>\$ 578,167</b>	<b>\$ 27,115</b>	<b>\$ 43,964</b>	<b>\$ 649,246</b>	

See accompanying notes to the financial statements.

**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2017

	PROGRAM	SUPPORT SERVICES		TOTAL EXPENSES
	MEAL DELIVERY	MANAGEMENT AND GENERAL	FUNDRAISING	
Salary & Wages	\$ 62,110	\$ 10,960	\$ -	\$ 73,070
Payroll Taxes	5,290	934	-	6,224
Food	112,969	-	31,944	144,913
Volunteer Supplies	3,912	-	-	3,912
Employee Benefits	28,929	5,105	-	34,034
Rent and Utilities	3,059	540	-	3,599
Telephone	2,622	463	-	3,085
Local Travel	813	-	-	813
Printing and Advertising	694	122	-	816
Postage	230	115	115	460
Conferences, Training, and Dues	-	965	-	965
Office Expense	2,189	1,400	-	3,589
Insurance	2,847	502	-	3,349
Professional Fees	6,340	-	3,122	9,462
Newsletter	-	274	274	548
Miscellaneous	2,638	-	55	2,693
In-Kind Expense	305,999	-	12,750	318,749
Depreciation Expense	-	1,146	-	1,146
Total Functional Expenses	<u>\$ 540,641</u>	<u>\$ 22,526</u>	<u>\$ 48,260</u>	<u>\$ 611,427</u>

See accompanying notes to the financial statements.



**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Increase (Decrease) in Net Assets	\$ (70,572)	\$ 192,748
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	1,145	1,146
Unrealized Loss on Investments	154,081	(75,375)
Realized Gain on Investments	(53,220)	-
(Increase) Decrease in:		
Accounts Receivable - Clients	(725)	4,635
Accounts Receivable - Contributions	-	(3,420)
Prepaid Expenses	107	1,470
Increase (Decrease) in:		
Accounts Payable	1,905	2,036
Accrued Vacation	(493)	-
Total Adjustments	<u>102,800</u>	<u>(69,508)</u>
Net Cash Provided (Used) by Operating Activities	32,228	123,240
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchase of Certificates of Deposit	(39,426)	-
Proceeds from Certificates of Deposit	38,908	-
Purchase of Investments	(762,679)	(292,307)
Proceeds from Sale of Investments	772,912	-
Reclassification of Cash in Investments	-	12,548
Net Cash Provided (Used) by Investing Activities	<u>9,715</u>	<u>(279,759)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	41,943	(156,519)
Cash and Cash Equivalents at Beginning of Year	<u>86,268</u>	<u>242,787</u>
Cash and Cash Equivalents at End of Year	<u>\$ 128,211</u>	<u>\$ 86,268</u>
<b><u>Supplemental Disclosures of Cash Flow Information:</u></b>		
Cash paid during the year for:		
	<u>2018</u>	<u>2017</u>
Income taxes	\$ -	\$ -
Interest	-	-

See accompanying notes to the financial statements.

**MEALS ON WHEELS OF COLUMBIA, INC.**

Columbia, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**

For The Years Ended December 31, 2018 and 2017

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Organization

Meals on Wheels of Columbia, Inc., (the Organization), established in 1972, is a not-for-profit organization providing home-delivered meals to the elderly, physically handicapped, and the homebound in the City of Columbia and the immediate surrounding area. Client payments for meals, grants from the City of Columbia, and other sources, and private donations are the primary sources of monetary support to the Organization.

Method of Accounting

The books and records of the Organization are maintained on the accrual basis of accounting, therefore revenues are recognized when earned and expenses when incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, based upon the existence or absence of donor-imposed restrictions. At December 31, 2018 and 2017, the Organization had no net assets with donor restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with an original maturity of 90 days or less to be cash equivalents.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

**MEALS ON WHEELS OF COLUMBIA, INC.**

Columbia, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**

For The Years Ended December 31, 2018 and 2017

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

Fair Value Measurements

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Income Taxes

Meals on Wheels of Columbia, Inc. is a not-for-profit organization exempt from state and federal income taxes under Internal Revenue Code Section 501(c)(3). However, should the Organization receive income from activities not directly related to the Organization's tax exempt purpose, such income would be subject to taxation as unrelated business income. Open tax years subject to examination by the Internal Revenue Service as of December 31, 2018 were 2015 through 2017.

Depreciation

Furniture and equipment are capitalized at cost if purchased or at fair market value if donated and depreciated using the straight-line method over their estimated useful lives. It is the Organization's policy to capitalize expenditures for fixed assets which have an original value in excess of \$1,000. Lessor amounts are expensed.

**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Years Ended December 31, 2018 and 2017

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

Depreciation (Cont'd)

The following useful lives are used in determining depreciation:

Building	39 years
Furniture	7 years
Equipment	3-5 years

Depreciation expense totaled \$1,145 for the years ended December 31, 2018 and 2017.

Revenue Recognition

All contributions are considered available for the Organization's general program unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increase net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Donated Services

Many volunteers have donated significant amounts of their time to the Organization's special events and program services. The value of these donated services, materials, and supplies are included in the financial statements and totaled \$316,451 and \$318,749 for the years ended December 31, 2018 and 2017, respectively.

Accounts Receivable

Accounts receivable represents amounts due to the Organization for client fees and grants which have not been collected. Accounts receivable from clients result from the delivery of meals, which the client pays for at a later date. Accounts receivable from clients result from funding contracts are in connection with amounts due from governmental agencies. A provision for doubtful accounts has not been established as management considers all receivables to be collectible. Management has elected to record bad debt expense using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debt expense. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Years Ended December 31, 2018 and 2017

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Cont'd.)

Functional Expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Based on the consistency of activities within the Organization, postage is split 50/25/25 between program, management and general and fundraising, respectively. Other items that encompass both program and management and general are split on a basis of 85% program and 15% management. These allocations are based on actual time spent.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 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. Meals on Wheels of Columbia, Inc. has adjusted the presentation of these statements and disclosures accordingly.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 7, 2019, which is the date the financial statements were available to be issued.

**NOTE 2 – CONCENTRATION OF CREDIT RISK:**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash. The Organization places its cash with credit-worthy high quality financial institutions.

Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2018 and 2017, the deposits were fully insured.

**MEALS ON WHEELS OF COLUMBIA, INC.**  
Columbia, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For The Years Ended December 31, 2018 and 2017

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**NOTE 3 – FAIR VALUE MEASUREMENTS:**

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2018 and 2017 are as follows:

	<b>December 31, 2018</b>	Quoted Prices In Active Markets For Identical Assets (Level 1)
	<u>Fair Value</u>	<u>(Level 1)</u>
Long-term Investments:		
Mutual Funds – Equity – US	\$ 275,813	\$ 275,813
Mutual Funds – Equity – Foreign	131,588	131,588
Mutual Funds – Fixed Income	271,445	271,445
Mutual Funds – Real Assets	<u>53,630</u>	<u>53,630</u>
Total Investments	<u>\$ 732,476</u>	<u>\$ 732,476</u>

	<b>December 31, 2017</b>	Quoted Prices In Active Markets For Identical Assets (Level 1)
	<u>Fair Value</u>	<u>(Level 1)</u>
Long-term Investments:		
Mutual Funds – Equity – US	\$ 313,864	\$ 313,864
Mutual Funds – Equity – Foreign	215,325	215,325
Mutual Funds – Fixed Income	245,546	245,546
Mutual Funds – Real Assets	<u>68,835</u>	<u>68,835</u>
Total Investments	<u>\$ 843,570</u>	<u>\$ 843,570</u>

**MEALS ON WHEELS OF COLUMBIA, INC.**

Columbia, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**

For The Years Ended December 31, 2018 and 2017

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**NOTE 3 – FAIR VALUE MEASUREMENTS:** (Cont'd)

Fair values of investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2018 and 2017.

The following schedule summarizes the investment return and its classification in the statement of activities and changes in net assets for the fiscal years ended December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Unrealized gain/(loss) on investments	\$ (154,081)	\$ 75,624
Realized gain/(loss) on investments	53,220	(116)
Total Investment Income	<u>\$ (100,861)</u>	<u>\$ 75,508</u>

Investment fees totaling \$4,294 and \$4,098 are included on the statement of functional expenses for the years ended in December 31, 2018 and 2017, respectively.

**NOTE 4 – EMPLOYEE RETIREMENT PLAN:**

The Organization offers participation in the simplified employee pension plan and a health savings plan to eligible employees as governed by the Internal Revenue Code and Regulations. Pension plan costs reflected in staff benefits totaled \$8,604 and \$9,121 for the years ended December 31, 2018 and 2017, respectively. The health savings plan cost totaled \$2,000 and \$0 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 5 – COMMITMENTS:**

The Organization rents office space on an annual term. Rent expense totaled \$3,366 and \$3,339 for the years ended December 31, 2018 and 2017, respectively.

**MEALS ON WHEELS OF COLUMBIA, INC.**

Columbia, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**

For The Years Ended December 31, 2018 and 2017

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**NOTE 6 – ACCRUED LEAVE PAYABLE:**

All employees, full-time and part-time, who have completed three months of service, will begin earning personal time off or PTO. All part time employees will accrue PTO based on their full time equivalent. Employees earn leave as follows:

Fewer than five years	10 days per year
Five years but fewer than ten years	12.5 days per year
Eleven years but fewer than fifteen years	15 days per year
Sixteen years but fewer than twenty years	17.5 days per year
Twenty-one years and over	20 days per year

Earned annual vacation leave may be carried over up to 5 days from one year to the next on the employee's anniversary. Accrued leave was \$2,086 and \$2,579 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 7 – LINE OF CREDIT:**

The Organization has a line of credit available with a local bank. The maximum amount which can be borrowed is \$10,000. No amounts were borrowed or repaid during the years ended December 31, 2018 and 2017, respectively.

**NOTE 8 – AVAILABILITY AND LIQUIDITY:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

Financial assets at year end:	
Cash & cash equivalents	\$ 128,211
Investments	732,476
Certificates of deposit	39,426
Accounts receivable, net	<u>26,724</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 926,837</u>

As of December 31, 2018, the Organization had no assets with donor restrictions. The Organization's goal is generally to maintain financial assets to meet 90 days of expenditures, or approximately \$160,000 at December 31, 2018.