



**Meals on Wheels of Solano County, Inc.
Financial Statements
and Supplementary Information
June 30, 2016**



Meals on Wheels of Solano County, Inc.

Table of Contents

I. INDEPENDENT AUDITOR'S REPORT.....1

II. FINANCIAL STATEMENTS

 Statement of Financial Position.....2

 Statement of Activities and Changes in Net Assets.....3

 Statement of Functional Expenses.....4

 Statement of Cash Flows.....5

 Notes to the Financial Statements.....6

III. SUPPLEMENTARY INFORMATION

 Statement of Support, Revenue and Expense.....12

Grant Bennett Associates

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Meals on Wheels of Solano County, Inc.
Suisun, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Meals on Wheels of Solano County, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's 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 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 the Meals on Wheels of Solano County, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of support, revenue, and expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Sacramento, California
December 1, 2016

FINANCIAL STATEMENTS

Meals on Wheels of Solano County, Inc.
Statement of Financial Position
June 30, 2016

ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	335,995
AAOA Contracts Receivable		154,102
Other Grants Receivable		<u>5,273</u>
Total Current Assets		495,370
Property and Equipment		
Furniture, Fixtures and Equipment	130,595	
Vehicles		<u>119,527</u>
Total Property and Equipment	250,122	
Less Accumulated Depreciation	<u>(198,663)</u>	51,459
<hr/>		
TOTAL ASSETS	\$	<u>546,829</u>
<hr/>		
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$	<u>31,559</u>
Total Current and Total Liabilities		<u>31,559</u>
Net Assets:		
Unrestricted		<u>515,270</u>
Total Net Assets		515,270
<hr/>		
TOTAL LIABILITIES AND NET ASSETS	\$	<u>546,829</u>
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The accompanying notes are an integral part of these financial statements.

**Meals on Wheels of Solano County, Inc.
Statement of Activities and
Changes in Net Assets
For the Year Ended June 30, 2016**

UNRESTRICTED NET ASSETS:

Revenue and Support and Reclassifications:

AAOA Contract Revenues	\$ 787,582
Other Local Grants	113,126
Program Income - Client Donations	126,591
In-Kind Income	47,816
Investment Income	266
Other Donations and Program Service Revenue	<u>127,860</u>
Total Unrestricted Revenue and Support	<u>1,203,241</u>

Expenses:

Nutrition Services	1,059,608
Management and Administrative	<u>231,225</u>
Total Expenses	<u>1,290,833</u>

CHANGE IN UNRESTRICTED NET ASSETS (87,592)

Net Assets at Beginning of Year 602,862

NET ASSETS AT END OF YEAR \$ 515,270

The accompanying notes are an integral part of these financial statements.

**Meals on Wheels of Solano County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016**

	Nutrition Programs	Management and Administrative	Total
Cost of Meals	\$ 321,620	\$	\$ 321,620
Salaries and Benefits	459,968	114,992	574,960
Auto Expense	30,690		30,690
Staff Mileage	8,986		8,986
Accounting and Auditing		32,253	32,253
Maintenance	3,520	1,581	5,101
Office Costs	8,622	3,874	12,496
Telephone and Utilities	29,994	13,476	43,470
Volunteer Expense	2,171		2,171
Insurance	22,682	10,190	32,872
Equipment	165	41	206
Occupancy	48,860	21,952	70,812
In-Kind	47,816		47,816
Supplies	54,060	13,515	67,575
Other	20,454	9,190	29,644
Depreciation		10,161	10,161
Total Expenses	\$ 1,059,608	\$ 231,225	\$ 1,290,833

The accompanying notes are an integral part of these financial statements.

**Meals on Wheels of Solano County, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Grants and Others	\$ 1,202,106
Interest Received	266
Cash Paid for Operating Goods and Services	<u>(1,303,631)</u>
Net Cash Flows From Operating Activities	<u>(101,259)</u>
Change in Cash	(101,259)
Cash at Beginning of Year	437,254
<hr/>	
CASH AT END OF YEAR	\$ 335,995

RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (87,592)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:	
Depreciation	10,161
Change in Contracts Receivable	(12,949)
Change in Grants Receivable	12,080
Change in Accounts Payable	<u>(22,959)</u>
<hr/>	
Net Cash Flows from Operating Activities	\$ (101,259)

The accompanying notes are an integral part of these financial statements.

Meals on Wheels of Solano County, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Description

Meals on Wheels of Solano County, Inc. (the "Agency") is a nonprofit corporation organized and founded in 1977 under the laws of the State of California for the purpose of providing nutritionally balanced, medically approved meals to homebound seniors, primarily in Solano County, California.

B. Basis of Accounting

The financial statements of Meals on Wheels of Solano County, Inc. have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized as they are incurred, whether or not cash is received or paid at that time.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under accounting principles generally accepted in the United States of America, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. There were no restricted net assets as of June 30, 2016.

D. Income Tax Status

Meals on Wheels of Solano County, Inc. is a nonprofit corporation exempt from federal and state income taxes under Internal Revenue Code (IRC) section 501(c)(3) and the corresponding provisions of the California Franchise Tax Code. However, it is subject to federal and California income tax on unrelated business income (UBI), if any, as stipulated in IRC Section 511.

Meals on Wheels of Solano County, Inc. evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2016, Meals on Wheels of Solano County, Inc. had no uncertain tax positions requiring accrual. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years after they are filed. There are currently no examinations being conducted of any of the Organization's previously filed income tax returns.

E. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Meals on Wheels of Solano County, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED):

F. Property and Equipment

Property and equipment acquisitions in excess of \$1,000 are capitalized and stated at cost. Donations of property and equipment are recorded at their estimated fair value on the date of the donation. The Agency's policy provides for depreciation on these assets using the straight-line method of depreciation over the estimated useful lives of the assets, which is generally five years. Certain property and equipment is purchased with restricted funds in which the funding agency retains a reversionary interest in the assets. These purchases in excess of \$1,000 are also capitalized and depreciated over their useful lives. Depreciation is shown as a reduction to unrestricted net assets.

G. Restricted and Unrestricted Revenue

Unrestricted contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

H. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. As of June 30, 2016, program and supporting services costs were 82% and 18% respectively, of total costs.

I. Contracts and Grants Receivable

Contracts receivable are comprised of amounts due to the Agency under cost reimbursement contracts. All amounts due from contracts and grants receivable are expected to be received in the coming fiscal year therefore an allowance for doubtful receivables is not considered necessary.

J. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

**Meals on Wheels of Solano County, Inc.
 Notes to Financial Statements
 June 30, 2016**

NOTE 2 - CONCENTRATIONS:

The Agency receives significant support originating from Federal and State governmental agencies. To a large extent the continued efficient operation of Meals on Wheels of Solano County, Inc. depends on the current level of support from these agencies. A significant drop or delay in receipt of governmental funds could impair the Agency's ability to operate the full scope of current programs.

NOTE 3 - IN-KIND CONTRIBUTIONS:

The Agency records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. In-kind contributions have been presented in the financial statements as income and expense for the nutrition programs as follows:

	Congregate		Home Delivered	
Rent	\$	16,800	\$	
Volunteer Mileage				31,016
	\$	16,800	\$	31,016

In addition, contributed services of \$18,570 and \$67,230 were received for the congregare and home delivered nutrition programs, respectively. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Meals on Wheels of Solano County, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 4 - COMMITMENTS AND CONTINGENCIES:

Operating Leases -

The Agency has entered into an agreement to lease office and kitchen space in Suisun, California. The lease calls for 60 monthly lease payments of \$6,348 beginning July 2016. The Agency also leases certain office equipment. Rent expense recognized during the year ended June 30, 2016 under these operating leases totaled \$70,812. The minimum future lease payments as of June 30, 2016 are as follows:

Year Ending June 30:

2017	\$	76,176
2018	\$	76,176
2019	\$	76,176
2020	\$	76,176
2021	\$	76,176

Contingencies -

Various federal, state, and local pass through agencies have the authority to audit the books and records of the Meals on Wheels of Solano County, Inc. as they pertain to the grants and contracts they have awarded. As the result of these potential audits, some grants or contract costs could be disallowed which would create a liability to the Agency.

Concentration of Credit Risk -

At times during the year, the Agency had demand deposits in banking institutions in excess of federally insured limits. The possibility of loss exists if a bank holding excess deposits were to fail, however, management believes that the credit risk related to these deposits is minimal.

NOTE 5 - SUBSEQUENT EVENTS:

Events subsequent to June 30, 2016 have been evaluated through December 1, 2016, the date that these statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events to be disclosed.

SUPPLEMENTARY INFORMATION

**Meals on Wheels of Solano County, Inc.
Statement of Support, Revenue and Expenses
For the Year Ended June 30, 2016**

	AAOA Congregate Nutrition - Title III and NSIP	AAOA Home Delivered Nutrition - Title III and NSIP	Other	Total
SUPPORT				
AAOA Contract Revenues	\$ 215,272	\$ 572,310	\$	\$ 787,582
Other Local Grants	49,521	63,605		113,126
Program Income	36,680	89,911		126,591
In-Kind Income	16,800	31,016		47,816
Investment Income			266	266
Other Income/Cash Match Available	<u>55,021</u>	<u>60,148</u>	<u>12,691</u>	<u>127,860</u>
TOTAL SUPPORT	<u>373,294</u>	<u>816,990</u>	<u>12,957</u>	<u>1,203,241</u>
EXPENSE				
Cost of Meals	64,491	257,129		321,620
Salaries and Benefits	230,646	344,314		574,960
Auto Expense	9,220	21,470		30,690
Staff Mileage	287	8,699		8,986
Accounting and Auditing	9,578	22,675		32,253
Maintenance	1,067	4,034		5,101
Office Costs	3,673	8,823		12,496
Telephone and Utilities	8,928	34,542		43,470
Volunteer Expense	539	1,632		2,171
Insurance	9,861	23,011		32,872
Equipment	39	167		206
Occupancy	14,162	56,650		70,812
In-Kind	16,800	31,016		47,816
Supplies	4,003	2,828	60,744	67,575
Other			29,644	29,644
Depreciation			<u>10,161</u>	<u>10,161</u>
TOTAL EXPENSE	<u>373,294</u>	<u>816,990</u>	<u>100,549</u>	<u>1,290,833</u>
Support Over (Under) Expense	\$	\$	\$ (87,592)	\$ (87,592)