

METROPORT MEALS-ON-WHEELS, INC.

Financial Statements &
Independent Auditor's Report
Year Ended September 30, 2018

Wood, Stephens & O'Neil, L.L.P.
Certified Public Accountants

November 13, 2018

Independent Auditor's Report

To the Management and Board of Trustees
Metroport Meals-on-Wheels, Inc.

We have audited the accompanying financial statements of Metroport Meals-on-Wheels, Inc., a not-for-profit organization, which comprise the statement of financial position as of September 30, 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.

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 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 Organization as of September 30, 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.

Wood, Stephens & O'Neil, L.L.P.

METROPORT MEALS-ON-WHEELS, INC.

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 285,834	\$ 475,289
Contributions receivable - grants and fundraising events	45,675	15,921
Inventory - resale shop purchased goods	4,475	4,539
Prepaid expenses	4,000	4,688
Property and equipment, net	574,400	607,217
TOTAL ASSETS	<u><u>\$ 914,384</u></u>	<u><u>\$ 1,107,654</u></u>
<u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	16,533	24,868
Mortgage note payable	-	89,563
TOTAL LIABILITIES	<u><u>16,533</u></u>	<u><u>114,431</u></u>
<u>NET ASSETS:</u>		
Unrestricted	889,889	978,061
Temporarily restricted	7,962	15,162
Permanently restricted	-	-
TOTAL NET ASSETS	<u><u>897,851</u></u>	<u><u>993,223</u></u>
 TOTAL LIABILITIES & NET ASSETS	 <u><u>\$ 914,384</u></u>	 <u><u>\$ 1,107,654</u></u>

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

METROPORT MEALS-ON-WHEELS, INC.

STATEMENT OF ACTIVITIES FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

<u>CHANGES IN UNRESTRICTED NET ASSETS:</u>	<u>2018</u>	<u>2017</u>
<i>Revenues:</i>		
Contributions and grants - unrestricted	\$ 511,242	\$ 381,741
Newsletter inserts, direct mail and appeals	318,946	344,297
Home delivered and senior center meals	107,046	73,418
Golf tournament, "net" of allocated expenses (\$92,726 - 2018, \$106,783 - 2017)	12,377	(4,561)
Resale shop, "net" of allocated expenses (\$313,145 - 2018, \$310,047 - 2017)	(26,727)	(34,735)
Wine and design event, "net" of direct expenses (\$2,777 - 2018, \$5,073 - 2017)	2,708	9,387
Classic cafe dinner, "net" of direct expenses (\$120 - 2018, \$0 - 2017)	10,177	6,884
Other net fundraising events and miscellaneous income	50,305	66,503
Interest and investment income	4,681	3,591
Gain on condemnation of land	-	14,369
Net assets released from restrictions	10,200	-
TOTAL UNRESTRICTED REVENUES	<u>1,000,955</u>	<u>860,894</u>
<i>Expenses:</i>		
Program	922,467	737,992
General and Administrative	70,226	73,428
Fundraising and Development	96,434	101,704
TOTAL EXPENSES	<u>1,089,127</u>	<u>913,124</u>
<u>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</u>	<u>(88,172)</u>	<u>(52,230)</u>
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions and grants - temporarily restricted	3,000	5,000
Net assets released from restrictions	(10,200)	-
<u>INCREASE (DECREASE) IN TEMP. RESTRICTED NET ASSETS</u>	<u>(7,200)</u>	<u>5,000</u>
<u>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</u>		
	-	-
INCREASE (DECREASE) IN NET ASSETS	(95,372)	(47,230)
NET ASSETS, at beginning of year	993,223	1,040,453
NET ASSETS, at end of year	<u>\$ 897,851</u>	<u>\$ 993,223</u>

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

METROPORT MEALS-ON-WHEELS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2018

	Program	General and Administrative	Fundraising and Development	2018 Totals
Salaries, payroll taxes, pension	\$ 312,541	\$ 58,049	\$ 46,846	\$ 417,436
Legal and accounting	6,022	1,238	990	8,250
Advertising	5,056	-	-	5,056
Bank and credit card fees	-	-	1,460	1,460
Criminal background checks	1,015	-	-	1,015
Dues and subscriptions	3,489	-	-	3,489
Insurance	3,897	2,648	523	7,068
Interest expense	494	-	-	494
Meal costs	491,527	-	-	491,527
Office supplies, equipment and expenses	8,526	1,752	1,402	11,680
Postage and printing	6,995	1,438	1,150	9,583
Professional development	8,377	-	-	8,377
Recognition expenses - volunteers	7,394	-	-	7,394
Repairs and maintenance	7,692	1,581	1,264	10,537
Miscellaneous fundraising	-	-	1,262	1,262
Miscellaneous expenses	3,991	820	656	5,467
Newsletter inserts, direct mail & appeals	38,080	-	38,080	76,160
Telephone	3,518	723	578	4,819
Utilities	3,346	688	550	4,584
Travel and mileage	3,091	635	508	4,234
Subtotal	<u>915,051</u>	<u>69,572</u>	<u>95,269</u>	<u>1,079,892</u>
Depreciation	<u>7,416</u>	<u>654</u>	<u>1,165</u>	<u>9,235</u>
Total Expenses	<u>\$ 922,467</u>	<u>\$ 70,226</u>	<u>\$ 96,434</u>	<u>\$ 1,089,127</u>

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

METROPORT MEALS-ON-WHEELS, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2017

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>2017 Totals</u>
Salaries, payroll taxes, pension	\$ 259,732	\$ 62,197	\$ 48,590	\$ 370,519
Legal and accounting	6,023	1,238	990	8,251
Advertising	4,526	-	-	4,526
Bank and credit card fees	-	-	1,848	1,848
Criminal background checks	1,149	-	-	1,149
Dues and subscriptions	3,313	-	-	3,313
Insurance	3,388	-	-	3,388
Interest expense	1,365	370	214	1,949
Meal costs	365,950	-	-	365,950
Office supplies, equipment and expenses	10,337	2,124	1,699	14,160
Postage and printing	5,549	1,140	913	7,602
Professional development	6,443	-	-	6,443
Recognition expenses - volunteers	4,981	-	-	4,981
Repairs and maintenance	5,488	1,128	902	7,518
Miscellaneous fundraising	-	-	5,422	5,422
Miscellaneous expenses	6,766	1,389	1,113	9,268
Newsletter inserts, direct mail & appeals	37,396	-	37,396	74,792
Telephone	3,728	768	613	5,109
Utilities	3,659	752	601	5,012
Travel and mileage	1,310	269	215	1,794
Subtotal	<u>731,103</u>	<u>71,375</u>	<u>100,516</u>	<u>902,994</u>
Depreciation	<u>6,889</u>	<u>2,053</u>	<u>1,188</u>	<u>10,130</u>
Total Expenses	<u>\$ 737,992</u>	<u>\$ 73,428</u>	<u>\$ 101,704</u>	<u>\$ 913,124</u>

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

METROPORT MEALS-ON-WHEELS, INC.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (95,372)	\$ (47,230)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,816	34,175
Gain on condemnation of land	-	(14,369)
(Increase) decrease in contributions receivable	(29,754)	(1,785)
(Increase) decrease in inventory	64	-
(Increase) decrease in prepaid expenses	688	6,426
Increase (decrease) in accounts payable and accrued liabilities	(8,334)	(4)
Net Cash Provided By (Used For) Operating Activities	<u>(99,892)</u>	<u>(22,787)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from condemnation of land	-	72,360
Purchase of capitalized assets	-	-
Net Cash Provided By (Used For) Investing Activities	<u>-</u>	<u>72,360</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Mortgage note principal payments	(89,563)	(21,167)
Net Cash Provided By (Used For) Financing Activities	<u>(89,563)</u>	<u>(21,167)</u>
Net increase (decrease) in cash and cash equivalents	(189,455)	28,406
Cash and cash equivalents, beginning of year	475,289	446,883
Cash and cash equivalents, end of year	<u>\$ 285,834</u>	<u>\$ 475,289</u>
<u>SUPPLEMENTAL DISCLOSURES</u>		
Interest paid during the year	1,181	5,052

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

METROPORT MEALS-ON-WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Metroport Meals-on-Wheels, Inc. (the Organization), is a community based not-for-profit organization which was incorporated in 1989, under the nonprofit corporation laws of the State of Texas. The Organization's mission is to be a grassroots volunteer advocate for the elderly and those in need by providing home-delivered meals, senior center lunch and activity programs and other support services. The Organization provides these services to senior citizens in various communities within Northern Tarrant and Southern Denton and Wise Counties. The Organization relies on contributions from individuals, businesses, churches, cities and civic organizations within the communities to carry out its various programs. No Federal funds were received by the Organization for the fiscal years ended September 30, 2018 and 2017.

General

The Organization's financial statements have been prepared on the accrual basis of accounting. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with not-for-profit accounting standards. The Organization 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. These classes of net assets are based upon the existence or absence of restrictions on use that are placed by its donors. In addition, the Organization is required to present a statement of cash flows.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing statements in accordance with generally accepted accounting principles. 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. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Functional Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain direct and indirect costs have been allocated among the programs and supporting services benefited, based on allocation percentages determined by the Organization's management.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purposes.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. For these unconditional promises to give, the Organization may use an allowance method to determine any uncollectible portion, based on prior years' experience and management's analysis of the promises made. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Donated Supplies, Equipment and Services

The Organization records the value of donated supplies and equipment when there is an objective basis available to measure their value. Any donated supplies and equipment received by the Organization are reflected as contributions in the financial statements at their estimated values at the date of receipt. No amounts have been reflected in the accompanying statements for donated services since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organization's program services during the fiscal year.

Contributions and Recognition of Donor Restrictions

Contributions, including unconditional promises to give, are recognized when received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and equipment

Property and equipment is reported at cost. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as revenue for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Fair Value of Financial Instruments

At September 30, 2018 and 2017, the Organization's financial instruments consisted of cash and cash equivalents. The Organization's cash and cash equivalents typically consist of money market accounts. Unless otherwise indicated, the fair value of these financial instruments approximate their recorded values.

Concentration of Credit and Market Risk

Financial instruments which potentially subject the Organization to concentration of credit and market risk consist principally of cash and cash equivalents. The Organization places its cash with high quality financial institutions and by policy limits the amount of credit exposure to any one institution.

Subsequent events

Management has evaluated subsequent events through November 13, 2018, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

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

Land	\$	-0-
Building and improvements		988,611
Furniture, office equipment and software		<u>44,855</u>
		1,033,466
Less: accumulated depreciation		<u>459,066</u>
	\$	<u>574,400</u>

Property and equipment, at September 30, 2017 consisted of the following:

Land	\$	-0-
Building and improvements		988,611
Furniture, office equipment and software		<u>44,855</u>
		1,033,466
Less: accumulated depreciation		<u>426,249</u>
	\$	<u>607,217</u>

Depreciation expense of \$32,816 and \$34,175 was recorded for the years ended September 30, 2018 and 2017, respectively.

NOTE 3 - RESTRICTIONS ON NET ASSETS

At September 30, 2018 and 2017, the Organization had \$7,962 and \$15,162 of temporarily restricted assets which consisted of restricted funds that will be expended in the current fiscal year. At September 30, 2018 and 2017, there were no assets which were permanently restricted.

NOTE 4 - MORTGAGE NOTE PAYABLE

In August, 2011, the Organization paid-off the original 2001 building purchase mortgage note, using funds obtained from a new ten-year promissory note the Organization entered into with a former member of the Board of Trustees. This new promissory note was approved by the Board of Trustees and was consummated on terms equivalent to those that prevail in arm's-length transactions. This new promissory note called for monthly payments of \$2,185, which included interest at a fixed rate of 5.00%. In January, 2018 this promissory note was paid-off.

NOTE 5 - RETIREMENT PLAN

The Organization has a Simple IRA defined contribution retirement plan, which covers all eligible employees. The Organization made matching contributions to the Plan based on 1% of each participant's annual compensation. Effective January 1, 2012, the matching contribution percentage was increased to 3% of each participant's annual compensation. The Organization's matching contributions to this Plan during the fiscal years ended September 30, 2018 and 2017 amounted to \$11,401 and \$10,478, respectively.