

Blazek & Vetterling LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of

Fort Bend Seniors Meals on Wheels and Much, Much More!:

We have audited the accompanying statements of financial position of Fort Bend Seniors Meals on Wheels and Much, Much More! (Fort Bend Seniors) as of December 31, 2006 and 2005 and the related statements of activities, of functional expenses, and of cash flows for the years then ended. These financial statements are the responsibility of the management of Fort Bend Seniors. 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Bend Seniors as of December 31, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



April 24, 2007

Fort Bend Seniors Meals on Wheels and Much, Much More!

Statements of Financial Position as of December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 245,867	\$ 306,380
Receivables:		
United Way allocation	292,553	285,140
Government contracts	126,245	163,837
Pledges		70,000
Prepaid expenses	54,487	46,752
Property and equipment, net <i>(Note 2)</i>	<u>90,206</u>	<u>139,181</u>
TOTAL ASSETS	<u>\$ 809,358</u>	<u>\$ 1,011,290</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 55,432	\$ 74,167
Salaries and benefits payable	<u>26,720</u>	<u>28,502</u>
Total liabilities	<u>82,152</u>	<u>102,669</u>
Net assets:		
Unrestricted	425,088	503,481
Temporarily restricted <i>(Note 3)</i>	<u>302,118</u>	<u>405,140</u>
Total net assets	<u>727,206</u>	<u>908,621</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 809,358</u>	<u>\$ 1,011,290</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels and Much, Much More!

Statement of Activities for the year ended December 31, 2006

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Government contracts <i>(Note 4)</i>	\$ 660,339		\$ 660,339
United Way allocation	9,974	\$ 323,621	333,595
Contributions	75,657	77,608	153,265
In-kind contributions of facilities	148,828		148,828
Special events	151,796		151,796
Direct donor benefit costs of special events	(37,595)		(37,595)
Other income	<u>8,003</u>		<u>8,003</u>
Total revenue	1,017,002	401,229	1,418,231
Net assets released from restrictions:			
Expiration of time restrictions	285,156	(285,156)	
Program expenditures	<u>219,095</u>	<u>(219,095)</u>	
Total	<u>1,521,253</u>	<u>(103,022)</u>	<u>1,418,231</u>
EXPENSES:			
Program expenses:			
Meals on wheels	585,935		585,935
Senior centers	443,900		443,900
Transportation services	251,366		251,366
Senior support services	<u>88,112</u>		<u>88,112</u>
Total program expenses	1,369,313		1,369,313
Management and general	126,011		126,011
Fundraising	<u>104,322</u>		<u>104,322</u>
Total expenses	<u>1,599,646</u>		<u>1,599,646</u>
CHANGES IN NET ASSETS	(78,393)	(103,022)	(181,415)
Net assets, beginning of year	<u>503,481</u>	<u>405,140</u>	<u>908,621</u>
Net assets, end of year	<u>\$ 425,088</u>	<u>\$ 302,118</u>	<u>\$ 727,206</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels and Much, Much More!

Statement of Activities for the year ended December 31, 2005

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Government contracts <i>(Note 4)</i>	\$ 654,748		\$ 654,748
United Way allocation	9,681	\$ 285,140	294,821
Contributions	55,383	250,000	305,383
In-kind contributions of facilities	131,440		131,440
Special events	81,850		81,850
Direct donor benefit costs of special events	(18,385)		(18,385)
Other income	<u>7,205</u>		<u>7,205</u>
Total revenue	921,922	535,140	1,457,062
Net assets released from restrictions:			
Expiration of time restrictions	284,428	(284,428)	
Program expenditures	<u>130,000</u>	<u>(130,000)</u>	
Total	<u>1,336,350</u>	<u>120,712</u>	<u>1,457,062</u>
EXPENSES:			
Program expenses:			
Meals on wheels	502,056		502,056
Senior centers	435,315		435,315
Transportation services	220,524		220,524
Senior support services	<u>100,405</u>		<u>100,405</u>
Total program expenses	1,258,300		1,258,300
Management and general	140,097		140,097
Fundraising	<u>64,325</u>		<u>64,325</u>
Total expenses	<u>1,462,722</u>		<u>1,462,722</u>
CHANGES IN NET ASSETS	(126,372)	120,712	(5,660)
Net assets, beginning of year	<u>629,853</u>	<u>284,428</u>	<u>914,281</u>
Net assets, end of year	<u>\$ 503,481</u>	<u>\$ 405,140</u>	<u>\$ 908,621</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels and Much, Much More!

Statement of Functional Expenses for the year ended December 31, 2006

	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	SENIOR SUPPORT SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries and related expenses	\$ 187,521	\$ 179,837	\$ 127,463	\$ 11,185	\$ 106,637	\$ 73,777	\$ 686,420
Food supplies	254,817	116,814					371,631
Occupancy	4,129	113,348	1,225	95	1,108	962	120,867
Professional fees and contract services	8,058	5,386	6,867	72,354	1,383	1,006	95,054
Insurance	33,157	11,768	31,649	189	2,899	1,250	80,912
Travel	31,543	743	31,363	68	268	1,750	65,735
Depreciation	22,517	1,970	22,517	1,970	1,970		50,944
Rental and maintenance of equipment	23,855	450	23,840	450	241		48,836
Supplies	1,007	2,255	763	479	4,071	14,167	22,742
Telephone	3,264	4,545	3,264	946	856		12,875
Conferences and meetings	4,684	3,184	163		2,591	1,058	11,680
Advertising	1,985	1,920	1,363	92	819	2,884	9,063
Printing and publishing	443		59		655	6,580	7,737
Postage and shipping	294	312	284	284	454	625	2,253
Other	<u>8,661</u>	<u>1,368</u>	<u>546</u>	<u>284</u>	<u>2,059</u>	<u>263</u>	<u>12,897</u>
Total expenses	\$ 585,935	\$ 443,900	\$ 251,366	\$ 88,112	\$ 126,011	\$ 104,322	\$ 1,599,646

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels and Much, Much More!

Statement of Functional Expenses for the year ended December 31, 2005

	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	SENIOR SUPPORT SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries and related expenses	\$ 159,588	\$ 181,341	\$ 114,537	\$ 8,969	\$ 104,993	\$ 48,720	\$ 618,148
Food supplies	220,127	112,824					332,951
Occupancy	4,264	117,060	1,265	98	1,144	994	124,825
Professional fees and contract services	5,799	3,088	3,908	81,597	10,005	659	105,056
Insurance	27,097	2,978	27,097	2,978	4,651		64,801
Travel	25,595	766	25,300	150	1,437		53,248
Depreciation	21,944	2,329	21,942	2,329			48,544
Rental and maintenance of equipment	19,101	640	18,409	640	50		38,840
Supplies	754	2,191	634	635	3,577	10,640	18,431
Telephone	777	3,341	779	777	826		6,500
Conferences and meetings	4,811	4,877	1,252	1,077	4,959		16,976
Advertising	2,436	992	1,787	600	1,814	2,140	9,769
Printing and publishing	588	273	273	273	4,271		5,678
Postage and shipping	256	282	252	252	136		1,178
Other	8,919	2,333	3,089	30	2,234	1,172	17,777
Total expenses	\$ 502,056	\$ 435,315	\$ 220,524	\$ 100,405	\$ 140,097	\$ 64,325	\$ 1,462,722

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels and Much, Much More!

Statements of Cash Flows for the years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (181,415)	\$ (5,660)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	50,944	48,544
Changes in operating assets and liabilities:		
Receivables	100,179	(132,948)
Prepaid expenses	(7,735)	(1,484)
Payables	<u>(20,517)</u>	<u>24,336</u>
Net cash used by operating activities	<u>(58,544)</u>	<u>(67,212)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(1,969)</u>	<u>(38,478)</u>
Net cash used by investing activities	<u>(1,969)</u>	<u>(38,478)</u>
NET CHANGE IN CASH	(60,513)	(105,690)
Cash, beginning of year	<u>306,380</u>	<u>412,070</u>
Cash, end of year	<u>\$ 245,867</u>	<u>\$ 306,380</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels and Much, Much, More!

Notes to Financial Statements for the years ended December 31, 2006 and 2005

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The Fort Bend Seniors Meals on Wheels and Much, Much More! (Fort Bend Seniors) was organized as a Texas nonprofit corporation in 1976, and is located in Rosenberg, Texas. Fort Bend Seniors provides Meals on Wheels services, homemaker services and nutritional meals at eight centers throughout Fort Bend and Waller counties to senior citizens. These programs are supported by government contracts and contributions.

Tax status – The Fort Bend Seniors is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and 170(b)(1)(A)(vi).

Cash concentration – At times, bank deposits exceed the federally insured limit of \$100,000 per depositor per institution.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value.

Property and equipment is stated at cost, if purchased, or at estimated fair value at the date of the gift, if donated. Property and equipment purchases over \$500 are capitalized. Depreciation is calculated on a straight line basis over estimated useful lives of five to ten years.

Government contract revenue is recognized in the period in which the related services are provided.

Contributions are recorded as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are recorded as restricted support.

Contributed facilities, materials and services are recorded at fair value when an unconditional commitment is received from the donor. Contributions of services are recognized when services received (a) create or enhance nonfinancial 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. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Estimates – Management must make estimates and assumptions to prepare financial 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, the reported revenues and expenses, and the allocation of expenses among functions. Actual results could vary from the estimates that were used.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2006</u>	<u>2005</u>
Vehicles	\$ 410,197	\$ 410,197
Furniture and equipment	<u>63,348</u>	<u>61,379</u>
Total property and equipment, at cost	473,545	471,576
Accumulated depreciation	<u>(383,339)</u>	<u>(332,395)</u>
Property and equipment, net	<u>\$ 90,206</u>	<u>\$ 139,181</u>

NOTE 3 – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2006</u>	<u>2005</u>
For subsequent periods – United Way allocations	\$ 292,553	\$ 285,140
Meals on wheels program	<u>9,565</u>	<u>120,000</u>
Total temporarily restricted net assets	<u>\$ 302,118</u>	<u>\$ 405,140</u>

NOTE 4 – GOVERNMENT CONTRACTS

Government contracts represent approximately 45% of revenue in 2006 and 2005. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Government contracts recognized are from the following sources:

	<u>2006</u>	<u>2005</u>
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 536,719	\$ 542,911
Passed through local government agencies	57,816	46,600
Federal Emergency Management administration	38,522	38,710
Texas Department of Human Services	<u>27,282</u>	<u>26,527</u>
Total government contracts	<u>\$ 660,339</u>	<u>\$ 654,748</u>

Blazek & Vetterling LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 24, 2007

Ms. Manuela Arroyos
Fort Bend Seniors Meals on Wheels & Much, Much More!
1330 Rand Road
Rosenberg, TX 77471

Dear Ms. Arroyos:

This is to confirm to you, for purposes of communicating with the United Way and other funding sources, that we did not issue a management report to Fort Bend Seniors Meals on Wheels & Much, Much More! in connection with our audit of the financial statements for the year ended December 31, 2006.

Yours very truly,



Kay Walther