

**Fort Bend Seniors Meals on Wheels
& Much, Much More!**

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2007 and 2006

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, 2007 and 2006 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, 2007 and 2006 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.

Blazek & Vetterling

March 26, 2008

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

Statements of Financial Position as of December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 372,487	\$ 245,867
Receivables:		
United Way allocation	432,425	292,553
Government contracts	164,213	126,245
Prepaid expenses	32,957	54,487
Property and equipment, net <i>(Note 2)</i>	<u>48,744</u>	<u>90,206</u>
TOTAL ASSETS	<u>\$ 1,050,826</u>	<u>\$ 809,358</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 69,350	\$ 55,432
Salaries and benefits payable	<u>14,629</u>	<u>26,720</u>
Total liabilities	<u>83,979</u>	<u>82,152</u>
Net assets:		
Unrestricted	515,519	425,088
Temporarily restricted <i>(Note 3)</i>	<u>451,328</u>	<u>302,118</u>
Total net assets	<u>966,847</u>	<u>727,206</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,050,826</u>	<u>\$ 809,358</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, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Government contracts <i>(Note 4)</i>	\$ 673,420		\$ 673,420
United Way allocation	145,325	\$ 432,425	577,750
Contributions	33,738	101,938	135,676
In-kind contributions	244,949		244,949
Special events	150,945		150,945
Direct donor benefit costs of special events	(31,397)		(31,397)
Other income	<u>10,247</u>		<u>10,247</u>
Total revenue	1,227,227	534,363	1,761,590
Net assets released from restrictions:			
Expiration of time restrictions	292,553	(292,553)	
Program expenditures	<u>92,600</u>	<u>(92,600)</u>	
Total	<u>1,612,380</u>	<u>149,210</u>	<u>1,761,590</u>
EXPENSES:			
Program expenses:			
Meals on wheels	594,235		594,235
Senior centers	391,497		391,497
Transportation services	242,237		242,237
Senior support services	<u>78,653</u>		<u>78,653</u>
Total program expenses	1,306,622		1,306,622
Management and general	124,050		124,050
Fundraising	<u>91,277</u>		<u>91,277</u>
Total expenses	<u>1,521,949</u>		<u>1,521,949</u>
CHANGES IN NET ASSETS	90,431	149,210	239,641
Net assets, beginning of year	<u>425,088</u>	<u>302,118</u>	<u>727,206</u>
Net assets, end of year	<u>\$ 515,519</u>	<u>\$ 451,328</u>	<u>\$ 966,847</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	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 Functional Expenses for the year ended December 31, 2007

	MEALS ON <u>WHEELS</u>	SENIOR <u>CENTERS</u>	TRANSPORTATION <u>SERVICES</u>	SENIOR <u>SUPPORT SERVICES</u>	MANAGEMENT AND <u>GENERAL</u>	FUNDRAISING	TOTAL <u>EXPENSES</u>
Salaries and related expenses	\$ 205,590	\$ 142,422	\$ 62,784	\$ 6,665	\$ 99,469	\$ 69,902	\$ 586,832
Food supplies	270,933	113,002					383,935
Travel	20,642	300	123,074		1,114		145,130
Occupancy	4,385	116,931	1,138	117	1,363	1,184	125,118
Professional fees and contract services	8,028	4,877	3,245	71,392	3,086	2,154	92,782
Insurance	38,246	4,069	24,651	145	4,864	2,170	74,145
Depreciation	20,967	2,001	17,351	170	1,252	927	42,668
Rental and maintenance of equipment	11,984	713	5,202		349	257	18,505
Supplies	1,310	753	165		4,101	9,253	15,582
Telephone	3,125	3,740	2,371		346	715	10,297
Conferences and meetings	4,988	1,447	174		1,588	912	9,109
Advertising	59	277			2,055	777	3,168
Postage and shipping	524	458	116		311	531	1,940
Printing and publishing	175	107			805		1,087
Other	3,279	400	1,966	164	3,347	2,495	11,651
Total expenses	\$ 594,235	\$ 391,497	\$ 242,237	\$ 78,653	\$ 124,050	\$ 91,277	\$ 1,521,949

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 <u>WHEELS</u>	SENIOR <u>CENTERS</u>	TRANSPORTATION <u>SERVICES</u>	SENIOR <u>SUPPORT SERVICES</u>	MANAGEMENT AND <u>GENERAL</u>	FUNDRAISING	TOTAL <u>EXPENSES</u>
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
Travel	31,543	743	31,363	68	268	1,750	65,735
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
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
Postage and shipping	294	312	284	284	454	625	2,253
Printing and publishing	443		59		655	6,580	7,737
Other	8,661	1,368	546		2,059	263	12,897
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!

Statements of Cash Flows for the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 239,641	\$ (181,415)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	42,668	50,944
Changes in operating assets and liabilities:		
Receivables	(177,840)	100,179
Prepaid expenses	21,530	(7,735)
Accounts payable	13,918	(18,735)
Salaries and benefits payable	<u>(12,091)</u>	<u>(1,782)</u>
Net cash provided (used) by operating activities	<u>127,826</u>	<u>(58,544)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(1,206)</u>	<u>(1,969)</u>
Net cash used by investing activities	<u>(1,206)</u>	<u>(1,969)</u>
NET CHANGE IN CASH	126,620	(60,513)
Cash, beginning of year	<u>245,867</u>	<u>306,380</u>
Cash, end of year	<u>\$ 372,487</u>	<u>\$ 245,867</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, 2007 and 2006

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – 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 nutritious meals to senior citizens at eight centers throughout Fort Bend and Waller counties. These programs are supported by government contracts and contributions.

Tax status – 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).

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.

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

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.

In 2007 and 2006, Fort Bend Seniors received approximately \$125,000 in contributed facility rent that is recorded as program service expense. In 2007, Fort Bend Seniors received approximately \$110,000 in contributed transportation services that is recorded as program service expense.

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>2007</u>	<u>2006</u>
Vehicles	\$ 357,343	\$ 410,197
Furniture and equipment	<u>64,555</u>	<u>63,348</u>
Total property and equipment, at cost	421,898	473,545
Accumulated depreciation	<u>(373,154)</u>	<u>(383,339)</u>
Property and equipment, net	<u>\$ 48,744</u>	<u>\$ 90,206</u>

NOTE 3 – TEMPORARILY RESTRICTED ASSETS

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

	<u>2007</u>	<u>2006</u>
For subsequent periods – United Way allocation	\$ 432,425	\$ 292,553
Meals on Wheels program	<u>18,903</u>	<u>9,565</u>
Total temporarily restricted net assets	<u>\$ 451,328</u>	<u>\$ 302,118</u>

NOTE 4 – GOVERNMENT CONTRACTS

Government contracts represent approximately 38% of revenue in 2007 and 45% in 2006. 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>2007</u>	<u>2006</u>
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 561,219	\$ 536,719
Passed through other local government agencies	43,445	57,816
Federal Emergency Management Administration	45,559	38,522
Texas Department of Human Services	<u>23,197</u>	<u>27,282</u>
Total government contracts	<u>\$ 673,420</u>	<u>\$ 660,339</u>