

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

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2008 and 2007

Blazek & Vetterling

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, 2008 and 2007 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, 2008 and 2007 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.



March 24, 2009

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

Statements of Financial Position as of December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 307,552	\$ 372,487
Certificates of deposit	251,544	
Receivables:		
United Way allocation	442,587	432,425
Government contracts	160,465	164,213
Pledges	55,373	
Prepaid expenses	25,135	32,957
Property and equipment, net <i>(Note 2)</i>	<u>125,110</u>	<u>48,744</u>
TOTAL ASSETS	<u>\$ 1,367,766</u>	<u>\$ 1,050,826</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 156,312	\$ 69,350
Salaries and benefits payable	9,038	14,629
Deferred revenue	<u>12,902</u>	<u> </u>
Total liabilities	<u>178,252</u>	<u>83,979</u>
Net assets:		
Unrestricted	696,927	515,519
Temporarily restricted <i>(Note 3)</i>	<u>492,587</u>	<u>451,328</u>
Total net assets	<u>1,189,514</u>	<u>966,847</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,367,766</u>	<u>\$ 1,050,826</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, 2008

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Government contracts <i>(Note 4)</i>	\$ 882,497		\$ 882,497
United Way allocation	14,652	\$ 442,587	457,239
Contributions	88,557	224,517	313,074
In-kind contributions	188,588		188,588
Special events	119,140		119,140
Direct donor benefit costs of special events	(16,289)		(16,289)
Other income	<u>15,785</u>		<u>15,785</u>
Total revenue	1,292,930	667,104	1,960,034
Net assets released from restrictions:			
Expiration of time restrictions	432,425	(432,425)	
Program expenditures	<u>193,420</u>	<u>(193,420)</u>	
Total	<u>1,918,775</u>	<u>41,259</u>	<u>1,960,034</u>
EXPENSES:			
Program expenses:			
Meals on wheels	911,039		911,039
Senior centers	379,589		379,589
Transportation services	<u>204,916</u>		<u>204,916</u>
Total program expenses	1,495,544		1,495,544
Management and general	101,676		101,676
Fundraising	<u>140,147</u>		<u>140,147</u>
Total expenses	<u>1,737,367</u>		<u>1,737,367</u>
CHANGES IN NET ASSETS	181,408	41,259	222,667
Net assets, beginning of year	<u>515,519</u>	<u>451,328</u>	<u>966,847</u>
Net assets, end of year	<u>\$ 696,927</u>	<u>\$ 492,587</u>	<u>\$ 1,189,514</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>	TEMPORARILY <u>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 Functional Expenses for the year ended December 31, 2008

	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Salaries and related expenses	\$ 278,015	\$ 124,068	\$ 23,197	\$ 41,501	\$ 92,885	\$ 559,666
Food supplies	418,637	135,541				554,178
Occupancy	66,323	101,571	11,184	1,448	1,447	181,973
Professional fees and contract services	17,032	5,663	167,410	40,209	8,074	238,388
Insurance	34,517	2,284	1,305	3,930	1,704	43,740
Travel	31,805	990	750	359	170	34,074
Supplies	1,905	1,614	106	1,574	26,089	31,288
Depreciation	26,235	1,224	199	730	1,012	29,400
Conferences and meetings	10,097	2,152		3,140	2,037	17,426
Rental and maintenance of equipment	10,423	528	445	400	300	12,096
Telephone	3,770	3,548	263	377	1,188	9,146
Postage and shipping	103	16	2	561	2,527	3,209
Bad debt expense	1,800			126	675	2,601
Printing and publishing	1,084	280	55	479	328	2,226
Advertising	704				930	1,634
Other	<u>8,589</u>	<u>110</u>	<u> </u>	<u>6,842</u>	<u>781</u>	<u>16,322</u>
Total expenses	<u>\$ 911,039</u>	<u>\$ 379,589</u>	<u>\$ 204,916</u>	<u>\$ 101,676</u>	<u>\$ 140,147</u>	<u>\$ 1,737,367</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

	<u>MEALS ON WHEELS</u>	<u>SENIOR CENTERS</u>	<u>TRANSPORTATION SERVICES</u>	<u>SENIOR SUPPORT SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL 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
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
Travel	20,642	300	123,074		1,114		145,130
Supplies	1,310	753	165		4,101	9,253	15,582
Depreciation	20,967	2,001	17,351	170	1,252	927	42,668
Conferences and meetings	4,988	1,447	174		1,588	912	9,109
Rental and maintenance of equipment	11,984	713	5,202		349	257	18,505
Telephone	3,125	3,740	2,371		346	715	10,297
Postage and shipping	524	458	116		311	531	1,940
Printing and publishing	175	107			805		1,087
Advertising	59	277			2,055	777	3,168
Other	<u>3,279</u>	<u>400</u>	<u>1,966</u>	<u>164</u>	<u>3,347</u>	<u>2,495</u>	<u>11,651</u>
Total expenses	<u>\$ 594,235</u>	<u>\$ 391,497</u>	<u>\$ 242,237</u>	<u>\$ 78,653</u>	<u>\$ 124,050</u>	<u>\$ 91,277</u>	<u>\$ 1,521,949</u>

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 222,667	\$ 239,641
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	29,401	42,668
Gain on disposal of property	(4,636)	
Changes in operating assets and liabilities:		
Receivables	(61,787)	(177,840)
Prepaid expenses	7,822	21,530
Accounts payable	86,962	13,918
Salaries and benefits payable	(5,591)	(12,091)
Deferred revenue	<u>12,902</u>	<u> </u>
Net cash provided by operating activities	<u>287,740</u>	<u>127,826</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	(251,544)	
Purchase of property and equipment	(106,821)	(1,206)
Proceeds from sales of property and equipment	<u>5,690</u>	<u> </u>
Net cash used by investing activities	<u>(352,675)</u>	<u>(1,206)</u>
NET CHANGE IN CASH	(64,935)	126,620
Cash, beginning of year	<u>372,487</u>	<u>245,867</u>
Cash, end of year	<u>\$ 307,552</u>	<u>\$ 372,487</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, 2008 and 2007

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.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. At December 31, 2008, all pledges receivable are due within one year.

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 5 to 10 years.

Government contract revenue is recognized in the period in which the related services are provided. Revenue received in advance is recorded as deferred revenue.

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 2008 and 2007, Fort Bend Seniors received approximately \$170,000 and \$125,000, respectively, in contributed facility rent that is recorded as program service expense. In 2008 and 2007, Fort Bend Seniors received approximately \$11,000 and \$110,000, respectively, in contributed transportation services that are 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>2008</u>	<u>2007</u>
Vehicles	\$ 242,387	\$ 357,343
Furniture and equipment	<u>66,328</u>	<u>64,555</u>
Total property and equipment, at cost	308,715	421,898
Accumulated depreciation	<u>(183,605)</u>	<u>(373,154)</u>
Property and equipment, net	<u>\$ 125,110</u>	<u>\$ 48,744</u>

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2008</u>	<u>2007</u>
For subsequent periods – United Way allocation	\$ 442,587	\$ 432,425
Weekend meals	50,000	
Meals on Wheels program	<u> </u>	<u>18,903</u>
Total temporarily restricted net assets	<u>\$ 492,587</u>	<u>\$ 451,328</u>

NOTE 4 – GOVERNMENT CONTRACTS

Government contracts represent approximately 45% of revenue in 2008 and 38% in 2007. 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>2008</u>	<u>2007</u>
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 627,694	\$ 561,219
Passed through other local government agencies	50,283	43,445
Texas Department of Agriculture	134,430	
Federal Emergency Management Administration	36,965	45,559
Texas Department of Human Services	16,503	23,197
Fort Bend County	<u>16,622</u>	<u> </u>
Total government contracts	<u>\$ 882,497</u>	<u>\$ 673,420</u>