

LONGMONT MEALS ON WHEELS, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND
SUMMARIZED FOR DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Longmont Meals on Wheels, Inc.

We have audited the accompanying financial statements of Longmont Meals on Wheels, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities 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 Longmont Meals on Wheels, Inc. as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Longmont Meals on Wheels, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Firm's signature

Chambers and Associates LLC

Chambers and Associates, LLC

August 15, 2020

LONGMONT MEALS ON WHEELS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018

ASSETS

	2019	2018
Current assets		
Cash and cash equivalents	\$ 287,272	\$ 428,436
Investments	1,411,777	1,232,676
Inventory	10,951	9,443
Accounts receivable	17,736	14,746
Total current assets	1,727,736	1,685,301
Property and equipment		
Leasehold improvements	303,955	303,955
Kitchen equipment	82,971	82,971
Office equipment	18,445	18,445
Vehicle	22,058	22,058
Less accumulated depreciation	(192,213)	(167,930)
Net property and equipment	235,216	259,499
Total assets	\$ 1,962,952	\$ 1,944,800

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 9,604	\$ 11,528
Accrued wages payable	1,571	1,487
Total current liabilities	11,175	13,015
Net assets		
Without donor restrictions	1,776,777	1,756,785
Board designated - equipment replacement	100,000	100,000
Board designated - catastrophic events	75,000	75,000
Total net assets	1,951,777	1,931,785
Total liabilities and net assets	\$ 1,962,952	\$ 1,944,800

See accompanying notes and independent auditor's report.

LONGMONT MEALS ON WHEELS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

	Total 2019	Total 2018
Support and revenue		
Food service fees	\$ 185,088	\$ 154,866
Contract income	5,508	2,512
Local government grants	49,708	58,340
Foundations and trusts	185,710	227,109
Memorials	11,916	58,148
Contributions	387,096	377,023
Interest and dividends	10,741	28,340
Gain (loss) in value of investments	171,420	(42,794)
Donated building space	26,872	26,872
Total support and revenue	1,034,059	890,416
Expenses		
Program services	865,956	718,403
General and administrative	94,075	82,959
Fundraising	54,036	57,137
Total expenses	1,014,067	858,499
Increase (decrease) in net assets	19,992	31,917
Net assets, beginning of year	1,931,785	1,899,868
Net assets, end of year	\$ 1,951,777	\$ 1,931,785

See accompanying notes and independent auditor's report.

LONGMONT MEALS ON WHEELS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 19,992	\$ 31,917
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,283	20,837
(Gain) loss in value of investments	(171,420)	42,794
(Increase) decrease in assets:		
Accounts receivables	(2,990)	(3,210)
Inventory	(1,508)	425
Prepaid expenses	-	1,824
Increase (decrease) in liabilities:		
Accounts payable	(1,924)	439
Accrued wages payable	84	244
Net cash provided by (used in) operating activities	(133,483)	95,270
Cash flows used in investing activities		
Capital expenditures	-	(22,057)
Purchase/redemption of investments	(7,681)	(55,530)
Net increase (decrease) investing activities	(7,681)	(77,587)
Increase (decrease) in net assets	(141,164)	17,683
Cash and cash equivalents, beginning of year	428,436	410,753
Cash and cash equivalents, end of year	\$ 287,272	\$ 428,436

See accompanying notes and independent auditor's report.

LONGMONT MEALS ON WHEELS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

	Program	General and Administrative	Fundraising	Total 2019	Total 2018
Salaries	\$ 330,029	\$ 47,147	\$ 15,716	\$ 392,892	\$ 344,462
Payroll taxes	26,976	3,854	1,285	32,115	27,719
Employee benefits	35,010	5,000	1,667	41,677	17,733
Workman's comp	1,806	258	86	2,150	2,745
Total salaries and benefits	393,821	56,259	18,754	468,834	392,659
Food and kitchen supplies	399,667	-	-	399,667	320,203
Office supplies	-	11,925	-	11,925	16,406
Advertising	-	5,167	3,454	8,621	3,305
Conference and travel	4,815	535	-	5,350	3,597
Donated building space	21,498	5,374	-	26,872	26,872
Dues	2,056	229	-	2,285	2,196
Fundraising	-	-	31,433	31,433	37,775
Insurance	4,911	258	-	5,169	4,918
Legal and accounting	3,827	6,803	-	10,630	8,633
Miscellaneous	244	82	-	326	1,581
Postage	2,768	791	395	3,954	3,509
Telephone	1,598	533	-	2,131	3,855
Repairs and maintenance	3,061	1,020	-	4,081	5,860
Volunteer training/appreciation	8,506	-	-	8,506	6,293
	846,772	88,976	54,036	989,784	837,662
Depreciation	19,184	5,099	-	24,283	20,837
Total expenses	\$ 865,956	\$ 94,075	\$ 54,036	\$ 1,014,067	\$ 858,499

See accompanying notes and independent auditor's report.

LONGMONT MEALS ON WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities Longmont Meals on Wheels, Inc. (the Organization) provides nutritionally planned meals delivered to individual homes throughout the Longmont, Colorado area and served at the Longmont Senior Center. The agency is funded through grants from the City of Longmont and Boulder County, contributions from individuals, corporations, foundations and trusts and participant fees. The agency's business office is located at 910 Longs Peak Avenue, Longmont, Colorado. The agency is organized under State of Colorado statute as a nonprofit organization.

Basis of Accounting The Organization records and reports all transactions on an accrual basis (i.e., revenues are recorded when earned and expenses are recorded when incurred).

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation The financial statement presentation follows the professional standards that require the Organization 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.

Comparative Financial Information The financial information shown for 2018 in the accompanying financial statement is included to provide a basis for comparison with 2019 and presents summarized totals only. Such information should be read in conjunction with the 2018 financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and Cash Equivalents For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted and Unrestricted Revenue Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/ or nature of any donor restrictions.

Accounts Receivable Accounts receivable consist of program fees charged to participants and are stated at the amount management expects to collect from outstanding balances. No allowance has been deemed necessary by the Organization at December 31, 2019.

LONGMONT MEALS ON WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory Consists of food and related supplies using physical counts taken at December 31, 2019 and 2018, stated at cost, using the first-in, first-out method.

Contributions The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Land, Buildings and Equipment The Organization capitalizes all expenditures for land, building, equipment and furniture in excess of \$500. Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt unless explicit donor stipulations specify how the donated assets must be used. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. Costs of repairs and maintenance are charged to operating expenses as they are incurred.

Donated Building Space The Organization is recorded as revenue and expense at the same amounts based on the estimated fair market value of the space provided.

Functional Expenses The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs or support services are allocated based on various statistical relationships.

Advertising The Organization expenses advertising and marketing costs as they are incurred. Expense of advertising for the years ended December 31, 2019 was \$8,621 and December 31, 2018 was \$3,305.

Reclassifications Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**LONGMONT MEALS ON WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

2: INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the United States Internal Revenue Code.

The Organization’s Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

3: INVESTMENTS

Investments are stated at fair market value and consist of certificates of deposit with original maturity of three months or more and mutual funds. Unrealized gains and losses are included in the change in net assets. Investments as of December 31, 2019 and 2018 are summarized as follows:

<u>December 31, 2019</u>	<u>Cost</u>	<u>FMV</u>
Certificates of Deposit	\$ 417,198	\$ 417,198
Mutual Funds	962,689	994,579
	<u>\$ 1,379,887</u>	<u>\$ 1,411,777</u>
<u>December 31, 2018</u>	<u>Cost</u>	<u>FMV</u>
Certificates of Deposit	\$ 415,104	\$ 415,104
Mutual Funds	851,372	817,572
	<u>\$ 1,266,476</u>	<u>\$ 1,232,676</u>

4: DESIGNATED NET ASSETS

The Board of Directors has designated \$100,000 for future equipment replacement and \$75,000 to cover the cost of any unforeseen future catastrophic events.

5: REVENUE RECOGNITION

The agency establishes standard fees for meals provided to individuals. These fees are then adjusted based on the individual’s ability to pay. The resulting net fees are recorded as food service fees and represent the amount expected to be received. The difference between the total cost of meals and the net food service fees represents the amount of charity meals provided. Total charity meals, based on \$7.56 total agency cost per meal in 2019 and \$6.77 total agency cost per meal in 2018, approximated \$675,360 for 2019 and \$561,025 for 2018.

LONGMONT MEALS ON WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

6: FAIR VALUE MEASUREMENT

The Organization follows the Fair Value Measurements and Disclosures Topic of FASB ASC which requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgement used in measuring fair value. Investment measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgement or estimation.

The following sets forth by level within the fair value hierarchy, investments at fair value as of December 31, 2019 and 2018:

Assets Fair Value as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$994,579	\$ -	\$ -	\$ 994,579
Certificates of Deposit	-	417,198	-	417,198
Total	\$994,579	\$417,198	\$ -	\$1,411,777

Assets Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$817,572	\$ -	\$ -	\$ 817,572
Certificates of Deposit	-	415,104	-	415,104
Total	\$817,572	\$415,104	\$ -	\$1,232,676

See accompanying notes and independent auditor's report.

LONGMONT MEALS ON WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

7: IN-KIND CONTRIBUTIONS

The Organization receives substantial amounts of contributed services, including volunteer drivers, kitchen help and administrative personnel. Pursuant to FASB ASC 985-605-45, contributed services shall be recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills, (i.e., provided by professionals or craftsmen), are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services received are crucial to the operations of the agency and would have to be purchased if not provided by volunteers, but do not meet the specialized skills requirement. The value of these services, based on their fair market value for time spent, approximates \$250,272 and \$193,922 for the years ended December 31, 2019 and 2018, respectively. In addition, each driver donates the use of their vehicle. The agency currently has no system in place to track and value donated vehicle cost.

8: EMPLOYEE RETIREMENT PLAN

The agency offers a defined contribution retirement plan (SIMPLE IRA). Participation begins after one year of continuous employment for all full-time employees who work thirty hours or more per week and meet compensation levels as defined under the terms of the plan. Employees may make voluntary contributions to the plan and the agency will match those contributions up to 3% of each eligible employee's compensation. Employee benefits include retirement plan contributions of \$8,472 and \$4,123 for the years ended December 31, 2019 and 2018, respectively. All contributions are immediately vested to the employee.

9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 15, 2020, the date which the financial statements were available to be issued.

At the time these financial statements were issued, the world economy was responding to the novel COVID-19 pandemic. This pandemic is anticipated to negatively affect the U.S. economy during 2020. The Organization is unable to reasonably estimate the amount or scope of the impact that this could have on its financial position. No accruals or adjustments are reflected in the current financial statements to account for the potential impacts of the pandemic.