

MEALS ON WHEELS
PROGRAMS AND SERVICES OF ROCKLAND, INC.
..... FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

**MEALS ON WHEELS
PROGRAMS AND SERVICES OF ROCKLAND, INC.
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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Donalee R. Berard, C.P.A.

John T. Donahue, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Meals on Wheels and Services of Rockland, Inc.

Nanuet, NY 10954

We have audited the accompanying statement of financial position of Meals on Wheels Programs and Services of Rockland, Inc. as of December 31, 2011 and the related combining statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Meals on wheels Programs and Services of Rockland, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Meals on Wheels Programs and Services of Rockland, Inc.'s December 31, 2010 financial statements and in our report dated April 5, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted 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 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 our audit provides 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 Meals on Wheels Programs and Services of Rockland, Inc. as of December 31, 2011 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Berard & Donahue CPA's PC

Suffern, NY

April 12, 2012

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MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS	2011	2010
Cash	\$ 34,340	\$ 59,346
Cash-Endowment	140,792	139,621
Cash - Restricted	8,568	11,636
Investments	19,860	19,860
Contracts Receivable	302,553	346,208
Accounts Receivable	175,114	138,289
Inventory	11,736	15,920
Prepaid expenses and other	19,623	39,859
	712,586	770,739
Total Current Assets	712,586	770,739
Building and Equipment (net of Depreciation)	2,290,466	2,423,501
TOTAL ASSETS	\$ 3,003,052	\$ 3,194,240
 LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 81,021	\$ 72,485
Accrued Expenses	164,978	183,722
Current Portion of Vehicle Loan Payable	4,473	7,667
Current Portion of Mortgage and Note Payable	114,468	187,325
Security Deposit	2,000	1,000
	366,940	452,199
Total Current Liabilities	366,940	452,199
Long-term Liabilities		
Vehicle Loan Payable	-	4,472
Mortgage and Note Payable	1,517,446	1,579,431
Total Long-term Liabilities	1,517,446	1,583,903
Total Liabilities	1,884,386	2,036,102
 Net Assets		
Unrestricted Net Assets		
Undesignated	289,077	339,928
Net Investment in Property & Equipment	658,552	656,745
Total Unrestricted	947,629	996,673
Temporarily Restricted	171,037	161,465
TOTAL NET ASSETS	1,118,666	1,158,138
TOTAL LIABILITIES AND NET ASSETS	\$ 3,003,052	\$ 3,194,240

See Notes to Financial Statements

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

	<u>2011</u>			<u>2010</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
SUPPORT AND REVENUE				
Contributions through United Way	\$ 12,579	\$ 6,065	\$ 18,644	\$ 38,872
Contributions received from participants	188,185	-	188,185	195,334
Special Events - Revenue	187,074	-	187,074	213,458
Special Event Expenses	(51,560)	-	(51,560)	(70,163)
Contributions - General	240,185	9,820	250,005	227,183
Contributions - Senior Centers	0	32,547	32,547	46,323
Contributions-Inkind	332,498	-	332,498	261,809
Contributions - Vehicles & Equipment	0	-	-	75,006
Fees and grants from governmental agencies	1,892,932	-	1,892,932	1,957,526
Program service fees	1,018,285	-	1,018,285	1,044,608
Other income	11,700	-	11,700	2,140
Investment income	1,174	-	1,174	351
Realized Gain on sale of investment	-	-	-	14,187
Gain on Disposition of vehicle	-	-	-	2,450
Net Assets Released from Restrictions	38,860	(38,860)	-	-
Total support & revenue	3,871,912	9,572	3,881,484	4,009,084
EXPENSES				
Program services				
Senior Centers	1,297,534	-	1,297,534	1,236,272
Homebound	1,147,975	-	1,147,975	1,170,432
Adult Day Care	578,009	-	578,009	656,786
Other programs	285,212	-	285,212	322,759
Total program services	3,308,730	-	3,308,730	3,386,249
Supporting services				
General & Administration	503,764	-	503,764	476,259
Fund raising	108,462	-	108,462	93,814
Total supporting services	612,226	-	612,226	570,073
Total expenses	3,920,956	-	3,920,956	3,956,322
Change in net assets	(49,044)	9,572	(39,472)	52,762
Net Assets - Beginning of Year	996,673	161,465	1,158,138	1,105,376
Net Assets - End of Year	\$ 947,629	\$ 171,037	\$ 1,118,666	\$ 1,158,138

See Notes to Financial Statements

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Senior Centers	Homebound	Adult Day Care	Other Programs	Total	Gen'l & Admin.	Fund Raising	Total	2011 Total Expenses	2010 Total Expenses
Salaries	\$ 624,780	\$ 461,089	\$ 340,245	\$ 97,829	\$ 1,523,943	\$ 290,296	\$ 55,312	\$ 345,608	\$ 1,869,551	\$ 1,877,896
Inkind Salaries	34,379	71,775	2,480	-	108,634	4,400	-	4,400	113,034	125,858
Payroll taxes	38,861	32,364	22,008	6,166	99,399	59,889	3,021	62,910	162,309	152,001
CRISP (workers Comp) Liability	(9,883)	(7,294)	(5,382)	(1,547)	(24,106)	(4,592)	(875)	(5,467)	(29,573)	76,115
Employee benefits	67,021	52,297	40,872	18,489	178,679	73,681	894	74,575	253,254	231,522
Total Salaries and Related Expenses	755,158	610,231	400,223	120,937	1,886,549	423,674	58,352	482,026	2,368,574	2,463,392
Food	85,290	255,365	-	85,161	425,816	-	54	54	425,870	436,727
In Kind Food	2,488	57,969	-	-	60,457	-	-	-	60,457	5,650
Professional Fees	13,024	3,232	6,906	9,594	32,756	4,301	3,666	7,967	40,723	42,310
Supplies	15,063	57,578	5,517	14,950	93,108	2,257	3,657	5,914	99,022	99,458
In Kind Supplies	6,992	5,800	120	-	12,912	-	-	-	12,912	23,465
Telephone	11,550	2,555	3,102	803	18,010	1,820	73	1,893	19,903	22,479
Postage	597	3,219	1,174	430	5,420	518	1,087	1,605	7,025	6,531
Occupancy	52,361	25,618	28,101	15,108	121,188	3,777	2,336	6,113	127,301	120,779
In Kind Rent	106,836	-	-	-	106,836	-	-	-	106,836	106,836
Insurance	6,177	6,693	5,043	2,325	20,238	3,860	450	4,310	24,548	29,703
Vehicle operation	77,810	23,824	19,569	5,479	126,682	845	34	879	127,561	113,418
Advertising	3,728	2,058	2,668	634	9,088	1,472	765	2,237	11,325	8,285
Printing costs	1,013	364	199	147	1,723	114	33,452	33,566	35,289	30,758
Conferences & Meetings	658	2,103	2,876	294	5,931	116	22	138	6,069	2,949
Travel	2,829	857	1,817	15	5,518	-	221	221	5,739	6,599
Dues & subscriptions	275	132	459	40	906	-	160	619	1,525	2,272
Cleaning & extermination	14,713	18,254	7,022	6,827	46,816	459	512	2,361	49,177	47,570
Repairs & maintenance	8,169	12,482	17,729	3,644	42,024	1,849	172	5,878	47,902	44,451
Equipment	1,434	2,588	10,739	539	15,300	5,706	18	462	15,762	-
Bad Debt Expense	-	3,073	715	47	3,835	-	-	-	3,835	1,567
Legislative Grants Expense	-	-	24,585	-	24,585	-	-	-	24,585	27,687
Interest Expense	20,258	21,439	-	6,491	48,188	28,756	984	29,740	77,928	76,817
Senior center event	38,063	-	-	-	38,063	-	-	-	38,063	62,095
Miscellaneous	6,735	2,426	651	309	10,121	959	1,607	2,566	12,687	5,934
Total Expenses Before Depreciation & Amort.	1,231,221	1,117,860	539,215	273,774	3,162,070	480,927	107,622	588,549	3,750,619	3,787,733
Depreciation and Amortization In Kind Depreciation	51,974	23,470	27,953	8,291	111,688	22,837	840	23,677	135,365	133,617
	14,339	6,645	10,841	3,147	34,972	-	-	-	34,972	34,972
Total Expenses	\$ 1,297,534	\$ 1,147,975	\$ 578,009	\$ 285,212	\$ 3,308,730	\$ 503,764	\$ 108,462	\$ 612,226	\$ 3,920,956	\$ 3,956,322

See Notes to Financial Statements

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flow from Operating Activities		
Increase (Decrease) in net assets	\$ (39,472)	\$ 52,762
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	135,365	133,617
In-Kind depreciation	34,972	34,972
(Gain) on disposal of vehicle	-	(2,450)
(Gain) on sale of security	-	(14,187)
Changes in operating assets and liabilities		
Accounts receivable	(36,825)	(18,010)
Contracts receivable	43,655	(280,351)
Inventory	4,184	4,426
Prepaid expenses and other	20,236	(6,647)
Accounts payable	8,536	36,428
Accrued expenses	(18,744)	52,272
Security Deposits	1,000	1,000
Net Cash Provided by (Used for) Operating Activities	152,907	(6,168)
Cash Flows from Financing Activities:		
Payments on Notes Payable and Lines of Credit	(196,508)	(97,243)
Proceeds from Notes Payable	54,000	130,086
Net Cash Provided by (Used for) Financing Activities	(142,508)	32,843
Cash Flows from Investing Activities		
Donated Securities	-	(19,860)
Proceeds for Sale of securities	-	121,767
Purchase of property and equipment	(37,302)	(109,746)
Net Cash Used for Investing Activities	(37,302)	(7,839)
Net increase (decrease) in Cash and Cash Equivalents	(26,903)	18,836
Cash and Cash Equivalents - Beginning of Year	210,603	191,767
Cash and Cash Equivalents - End of Year	<u>\$ 183,700</u>	<u>\$ 210,603</u>
Supplemental Disclosures of Cash Flow Information		
Interest	<u>\$ 77,928</u>	<u>\$ 76,817</u>
Income Taxes	<u>n/a</u>	<u>n/a</u>
Supplemental information of Non-cash items:		
Donated revenue/ expenses	<u>\$ 332,498</u>	<u>\$ 261,809</u>

See Notes to Financial Statements

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Meals on Wheels Programs and Services of Rockland, Inc. (the "Organization") was initially formed under the Not-For-Profit Corporation Law of New York as Meals on Wheels of Rockland County, Inc. Its mission is to provide a wide range of services and programs to homebound and senior citizens of Rockland County, New York. The agency receives 49% of its support from government agencies and 31% from program service fees.

Financial Statement Presentation

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount and disclosures. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk are principally cash and cash equivalent accounts on deposit with financial institution, which at times may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000, through December 31, 2013. For the years ended December 31, 2011 and 2010, respectively, the balances did not exceed the insured limits.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promise to Give

Support is recognized when the donor makes a promise to give to the organization, that is, in substance unconditional. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported, as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Inventory

Inventory consisting principally of commissary products is valued at the lower of cost (first-in first-out method) or market. Inventory consists of food and packaging materials for meals.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 1 – Summary of Significant Accounting Policies (Cont'd)

Property and Equipment

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred and renewal and betterments are capitalized. Upon sales or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in the results of operations. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. The Organization's policy is to capitalize assets costing over \$5,000.

Support and Revenue

Grant Revenue

Grant revenue, which is conditional upon allowable expenditures being incurred, is recognized as the expenses are incurred. Amounts received prior to the occurrence of expenditures are recorded as deferred revenue. Grant funds expended prior to the receipt of funds are recorded as accounts receivable.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services, Space and Goods

During the years ended December 31, 2011 and 2010, many individuals volunteer their time and perform a variety of tasks that assist the organizations. In 2011 and 2010 estimated contributed services were \$152,301 and \$125,858; respectively, which were recorded as In-kind Salaries. The agency has estimated it received over 17,584 volunteer hours in 2011 and 15,813 in 2010.

For the years ended December 31, 2011 and 2010 the agency received \$116,428 and \$106,836 of rent without charge which was recorded as In-Kind Rent. For the years ended December 31, 2011 and 2010 the agency received \$57,969 and \$5,650 of food donations which were recorded as In-Kind Food. For the years ended December 31, 2011 and 2010 the agency received \$5800 and \$23,465 of supplies which were recorded as In-Kind Supplies.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 1 – Summary of Significant Accounting Policies (Cont'd)

Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses which can be identified with a specific program or supporting Activity are charged directly to that activity. Other expenses that are common to several functions are allocated among the program and supporting services benefited.

Direct Write-Off Method for Accounts Receivable

The Organization uses the direct write off method for recording bad debt expense relating to their accounts receivable. The balance is bad debt expense is comprised of those accounts that they do not expect to collect. If monies are received subsequent to their write-off those amounts are recognized as income in that year. During 2011 and 2010, bad debt expense was \$3,752 and \$1,567 respectively.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Office equipment	5 years
Vehicles	5 years
Telephone equipment	7 years
Commissary equipment and leasehold improvements	10 years

Additions and betterments of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Income Taxes

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Comparative Financial Statements

The financial information shown for 2011 in the accompanying financial statements is included to provide a basis for comparison with 2010 and presents summarized totals only.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1 – Summary of Significant Accounting Policies (Cont'd)

Uncertainty in Income Taxes

The Organization has adopted the provisions of FASB ASC Reference 740 *Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement NO. 109 (FIN 48)*. Under

FIN 48, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination by a taxing authority. The Organization does not believe they have taken any material uncertain tax positions and, accordingly they have not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where required to do so.

The Organization's Federal Return of Organization Exempt from Income Tax Returns 2010, 2009 and 2008 are subject to examination by the IRS, generally three years after they were filed.

Additionally, it has filed Internal Revenue Service Form 990 informational returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2011 and 2010, there were no interest or penalties recorded or included in the statement of activities.

Subsequent Events

Management has evaluated subsequent events after the balance sheet date through April 12, 2012, the date the financial statements are available to be issued.

Note 2 –Programs

Homebound Program

Offers a variety of prepared and packaged home delivered meals five to seven days a week to Rockland County residents who are homebound due to illness, advancing age or physical handicap and who are unable to shop or prepare meals for themselves. A variety of sliding scales options are available. In 2011, the Agency delivered 122,002 meals through this program.

Rockland Senior Centers Program

Five multipurpose Senior Centers strategically located across Rockland open five days a week to residents 60 and older. The Centers offer a variety of support services including transportation, recreation, health screening, advocacy, information and referral and a hot meal. Participants contribute toward the costs of the meals. During 2011, the programs provided 35,292 days of service to seniors at all of our centers.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 2 –Programs(Cont'd)

Adult Day Care Programs

A fee for service program, Bobbi Lewis is designed for functionally or cognitively impaired, frail, isolated and dependent older adults. Intergenerational supports clients who are physically limited and or suffer from mild short-term memory loss. Both programs are structured to help maintain or improve the client's level of physical, social and emotional functioning, Transportation, meals and snacks are provided. During 2011, the adult day programs provided 5,563 days of service to participants.

The Adult Learning Center

The Adult Learning Center is a state of the art educational learning center which affords older adults the opportunity to learn how to use computers and communication technology. Courses run for six or eight weeks, two hours a session. This is a fee for service program which is open to all adults living in Rockland County. This program served 336 clients during 2011 and were taught by 34 volunteers.

Note 3 – Property and Equipment

Property and equipment consisted of the following at December 31, 2011 and 2010:

<u>Account</u>	2011	2010
Building	\$2,500,000	\$2,500,000
Closing Costs	62,183	62,183
Vehicles	584,909	584,909
Kitchen Equipment	141,882	125,612
Furniture and Office Equipment	158,771	146,889
Leasehold Improvements	403,955	394,803
Depreciation	<u>(1,561,234)</u>	<u>(1,390,894)</u>
	\$2,290,466	\$2,423,501

Several vehicles were purchased with UMTA Grant monies. UMTA has a reversionary interest in the vehicles if sold. Generally these vehicles can be released after 5 years or 150,000 miles.

During 2011 and 2010, respectively 0\$ and \$96,724 of vehicles, \$11,882 and \$0 of furniture and office equipment, \$0 and \$1,100 of leasehold improvements and \$16,270 and \$15,473 of commissary equipment were acquired.

Depreciation and amortization expense for 2011 and 2010 was \$170,437 and \$168,589, respectively.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 4 – Line of Credit

The Organization has a \$500,000 bank line of credit. Interest on any outstanding balance under this agreement is charged at the bank's prime rate and is payable monthly. The Collateral for the line of credit is the property and equipment of the Organization. At December 31, 2011 and 2010 the balance on the line of credit was \$54,000 and \$130,086. Interest expense related to this line of credit for the years ended December 31, 2011 and 2010 was \$12,736 and \$7,806, respectively.

In early April 2012 the line was increased to \$600,000 with TD Bank.

Note 5 – Notes Payable and Loans Payable

During 2003, the Organization obtained a mortgage in order to purchase the condominiums in which they are located. The following information relates to this mortgage loan:

Lender: Key Bank
Amount: \$2,000,000

Terms: 15 year mortgage with monthly payments
Interest Rate: 5.5%
Security: 1st mortgage lien on condominium
12/31/11 Balance: \$1,577,914

Minimum principal payments on this loan for the next five years are as follows:

2012	\$63,878
2013	\$67,482
2014	\$71,288
2015	\$75,309
2016	\$79,557

Thereafter \$1,210,616

In Early April 2012 this note was refinanced with TD Bank for \$1, 580,000 for 20 a year amortization fixed for 10 years at 4.49%.

Note 6 – Endowment Funds

The Board of Directors has established the Aaron and Thelma Sandler Endowment Fund to administer the gifts, tributes, bequests and/or other donations received by the Board and designated for the Endowment Fund.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 6 – Endowment Funds (con't)

As of December 31, 2011 and 2010, \$140,792 and \$139,621 have been set aside in a separate account and at December 31, 2011 and 2010 \$9,820 and \$6,242 was pending a transfer from the operating account. Contributions of \$9,820 and \$6,242 were designated for the endowment fund in 2011 and 2010.

Interpretation of Relevant Law

The Endowment fund is established to permit individuals, corporations and/or other entities the opportunity to make charitable gifts, tributes, bequests and/or other donations that will become a source of financial support. The objective of the fund is to conserve as much principal as possible and use principal and/or income from the fund as necessary. All Endowments designations, other than written donor designations, can be redesignated by a majority vote of the Board of Directors.

Return Objectives and Risk Parameters

The investment objective of the endowment fund shall be to realize income without undue exposure to risk. The Organization shall hold and manage invested funds, guided by the recommendations given by the Finance Committee of the Board of Directors. These funds are under the control of the Finance Committee and are invested in active market Level 1 assets.

Spending Policy and How the Investment Objectives Related to Spending Policy

The use of principal and/or income from any Donor designated endowment funds shall be consistent with the terms of the gift, tribute, bequest and/or donation. The use of principal and/or income from any non-designated or Board designated funds may be used for any purpose(s) the Board of Directors shall designate. The Finance Committee shall make recommendations to the Executive Committee with respect to use of principal and/or income from the Endowment Funds, and, the Executive Committee, if in agreement, shall forward that recommendation to the Board of Directors for their consideration and/or vote. Any withdrawal of principal and/or income must be approved by a majority vote of the Board of Directors.

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted Endowment funds	\$ -	\$ -	\$ -	\$ -
Board restricted	<u>\$162,469</u>	-	-	<u>162,469</u>
	<u>\$162,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$162,469</u>

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of funds designated for the senior centers. Each Senior Center has at least one bank account to use only for their activities. The following activity and balances are recorded in the financial statements:

January 1, 2011 balances	\$ 8,816
Senior Center Contributions	32,547
Event Expenses	<u>(32,795)</u>
Ending balances	<u>\$ 8,568</u>

Note 8 – Investments and Fair Value Measurement

For the year ended December 31, 2010 2,000 shares of Presidential Life was donated and at December 31, 2011 had a fair market value and donated cost of \$19,860.

Fair values of assets measured on a recurring basis at December 31, 2011, are as follows:

	Fair Value	Quoted Prices in Active Markets For Identical Other Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stocks	<u>\$19,860</u>	<u>\$19,860</u>	<u>-0-</u>	<u>-0-</u>

FASB ASC Reference No 820, *Fair Value Measurements*, establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. This hierarchy consists of three broad levels with Level 1 being the highest. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are other than quoted Prices that are observable for the asset. Level 3 inputs are unobservable inputs for the assets.

Note 9 – Employee Benefit Plans

The Organization maintains a 403(b) plan for any employee employed after 30 days. Contributions are allowed up to IRS regulations. The Organization matches employee contributions up to 2% of their salary. This match begins once an employee has worked one year and 1,000 hours. Employees are vested immediately in employee contributions and in employer contributions after three years. During 2011 and 2010, the 403(b) contributions were \$20,209 and \$18,799, respectively. The agency also has a Section 125 Plan (medical premiums only) for employees employed after three (3) months.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 10 – Contingency

Meals on Wheels Programs and Services of Rockland, Inc. was a member of the Community Residence Insurance Saving Plan Self Insurance Trust (CRISP) for several years. This trust was closed by the Workers Compensation Board as a result of a large deficit. The assessment is not final and the potential for additional liabilities in the future exists.

The Organization was originally assessed \$76,115 which was recorded as expenditure in 2010. During 2011 the assessment was reassessed to \$46,542 resulting in a \$29,573 adjustment in 2011. The organization has accepted a payment plan of approximately \$800 per month which commenced in December 2011.