


MEALS ON WHEELS
PROGRAMS AND SERVICES OF ROCKLAND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011



**MEALS ON WHEELS
PROGRAMS AND SERVICES OF ROCKLAND, INC.
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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Berard & Donahue
CERTIFIED PUBLIC ACCOUNTANTS, PC

Donalee R. Berard, C.P.A.
John T. Donahue, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Meals on Wheels Programs and Services of Rockland, Inc.

We have audited the accompanying financial statements of Meals on Wheels Programs and Services of Rockland, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, 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 of 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 Meals on Wheels Programs and Services of Rockland, Inc. as of December 31, 2012, 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.


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May 20, 2013

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MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash	\$ 68,449	\$ 34,340
Cash-Endowment	141,963	140,792
Cash - Restricted	5,769	8,568
Investments	-	19,860
Contracts Receivable	416,563	302,553
Accounts Receivable	184,437	175,114
Inventory	14,453	11,736
Prepaid expenses and other	12,398	14,097
Total Current Assets	844,032	707,060
Building and Equipment (net of Depreciation)	2,171,703	2,290,466
TOTAL ASSETS	\$ 3,015,735	\$ 2,997,526
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 33,530	\$ 81,021
Accrued Expenses	122,419	159,451
Current Portion of Vehicle Loan Payable	9,171	4,474
Crisp Assessment	18,000	10,084
Current Portion of Mortgage and Note Payable	156,309	114,468
Security Deposit	2,000	2,000
Total Current Liabilities	341,429	371,498
Long-term Liabilities		
Vehicle Loan Payable	17,750	-
Crisp Assessment	176,423	147,881
Mortgage and Note Payable	1,505,143	1,517,446
Total Long-term Liabilities	1,699,316	1,665,327
Total Liabilities	2,040,745	2,036,825
Net Assets		
Unrestricted Net Assets		
Undesignated	191,501	131,112
Net Investment in Property & Equipment	615,251	658,552
Total Unrestricted	806,752	789,664
Temporarily Restricted	168,238	171,037
TOTAL NET ASSETS	974,990	960,701
TOTAL LIABILITIES AND NET ASSETS	\$ 3,015,735	\$ 2,997,526

See Notes to Financial Statements

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

	<u>2012</u>			<u>2011</u> <u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
SUPPORT AND REVENUE				
Contributions through United Way	\$ 11,675	\$ -	\$ 11,675	\$ 18,644
Contributions received from participants	171,579	-	171,579	188,185
Special Events - Revenue	192,682	-	192,682	187,074
Special Event Expenses	(44,660)	-	(44,660)	(51,560)
Contributions - General	252,778	-	252,778	250,005
Contributions - Senior Centers	-	25,211	25,211	32,547
Contributions-Inkind	329,564	-	329,564	332,498
Fees and grants from governmental agencies	1,923,637	-	1,923,637	1,892,932
Program service fees	978,299	-	978,299	1,018,285
Other income	11,915	-	11,915	11,700
Investment income	-	1,172	1,172	1,174
Realized Gain on sale of investment	8,283	-	8,283	-
Gain on Disposition of vehicle	-	-	-	-
Net Assets Released from Restrictions	29,182	(29,182)	-	-
Total support & revenue	3,864,934	(2,799)	3,862,135	3,881,484
EXPENSES				
Program services				
Senior Centers	1,271,281	-	1,271,281	1,297,534
Homebound	1,178,017	-	1,178,017	1,147,975
Adult Day Care	587,632	-	587,632	578,009
Other programs	277,607	-	277,607	285,212
Total program services	3,314,537	-	3,314,537	3,308,730
Supporting services				
General & Administration	412,274	-	412,274	503,764
Fund raising	121,035	-	121,035	108,462
Total supporting services	533,309	-	533,309	612,226
Total expenses	3,847,846	-	3,847,846	3,920,956
Change in net assets	17,088	(2,799)	14,289	(39,472)
Net Assets - Beginning of Year	789,664	171,037	960,701	1,158,138
Prior Period Adjustment- CRISP Assessment	-	-	-	(157,965)
Net Assets - End of Year	\$ 806,752	\$ 168,238	\$ 974,990	\$ 960,701

See Notes to Financial Statements

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Senior Centers	Homebound	Adult Day Care	Other Programs	Total	Gen'l & Admin.	Fund Raising	Total	2012 Total Expenses	2011 Total Expenses
Salaries	\$ 628,039	\$ 475,673	\$ 371,686	\$ 95,286	\$ 1,570,684	\$ 209,509	\$ 77,505	\$ 287,014	\$ 1,857,698	\$ 1,869,552
Inkind Salaries	40,484	93,861	2,650	7,361	144,356	2,900	-	2,900	147,256	113,034
Payroll taxes	34,420	25,590	19,989	5,046	85,025	76,100	4,376	80,476	165,501	162,308
CRISP (workers Comp) Liability										(29,573)
Employee benefits	48,678	44,196	30,508	11,487	134,869	38,521	372	38,893	173,762	253,253
Total Salaries and Related Expenses	751,621	639,320	424,813	119,180	1,934,934	327,030	82,253	409,283	2,344,216	2,368,574
Food	83,323	249,963	-	83,410	416,696	-	-	-	416,696	425,870
In Kind Food	4,378	67,926	-	-	72,304	-	-	-	72,304	60,457
Supplies	19,763	47,989	4,371	17,344	89,467	2,400	5,497	7,897	97,364	99,022
In Kind Supplies	3,042	-	-	-	3,042	-	-	-	3,042	12,912
Professional Fees	5,592	5,912	10,890	5,085	27,479	5,207	1,845	7,052	34,531	40,723
Vehicle operation	81,313	22,753	22,169	4,179	130,414	841	34	875	131,289	127,561
Conferences & Meetings	479	614	1,987	211	3,291	523	21	544	3,835	6,069
Travel	2,436	2,342	880	23	5,681	38	2	40	5,721	5,739
Advertising	1,191	576	2,907	48	4,722	2,420	584	3,004	7,726	11,325
Postage	706	4,581	1,216	301	6,804	520	1,065	1,585	8,389	7,025
Repairs & maintenance	7,716	12,425	5,239	4,131	29,511	4,655	180	4,835	34,346	47,902
Cleaning & extermination	13,885	19,671	6,857	7,634	48,047	1,407	487	1,894	49,941	49,177
Occupancy	45,273	25,988	24,234	11,213	106,708	5,000	2,271	7,271	113,979	127,301
In Kind Rent	106,836	-	-	-	106,836	-	-	-	106,836	106,836
Telephone	12,324	2,436	3,155	766	18,681	1,738	70	1,808	20,489	19,903
Insurance	5,608	6,519	4,664	2,197	18,988	3,501	428	3,929	22,917	24,548
Printing costs	275	554	292	70	1,191	264	21,781	22,045	23,236	35,289
Dues & subscriptions	262	87	961	17	1,327	436	17	453	1,780	1,525
Equipment	1,139	575	1,101	-	2,815	328	-	328	3,143	15,762
Bad Debt Expense	-	3,528	-	-	3,528	-	-	-	3,528	3,835
Legislative Grants Expense	-	-	-	-	-	-	-	-	-	24,585
Interest Expense	16,806	17,785	20,396	5,384	60,371	20,396	816	21,212	81,583	77,928
Senior center event	32,636	-	50	992	33,678	-	-	-	33,678	38,063
Miscellaneous	1,889	5,890	1,155	768	9,702	4,343	2,435	6,778	16,480	12,687
Total Expenses Before Depreciation & Amort.	1,198,493	1,137,434	537,337	262,953	3,136,217	381,047	119,786	500,833	3,637,050	3,750,619
Writeoff remaining closing cost	8,412	8,901	10,208	2,695	30,216	10,208	408	10,616	40,832	-
Depreciation and Amortization	64,376	31,682	40,087	11,959	148,104	21,019	841	21,860	169,964	170,337
Total Expenses	\$ 1,271,281	\$ 1,178,017	\$ 587,632	\$ 277,607	\$ 3,314,537	\$ 412,274	\$ 121,035	\$ 533,309	\$ 3,847,846	\$ 3,920,956

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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flow from Operating Activities		
Increase (Decrease) in net assets	\$ 14,289	\$ (39,472)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	169,964	170,337
Changes in operating assets and liabilities		
Accounts receivable	(9,323)	(36,825)
Contracts receivable	(114,010)	43,655
Inventory	(2,717)	4,184
Prepaid expenses and other	1,699	20,236
Accounts payable	(47,491)	8,536
Accrued expenses	(574)	(18,744)
Security Deposits	<u>0</u>	<u>1,000</u>
Net Cash Provided by (Used for) Operating Activities	11,837	152,907
Cash Flows from Financing Activities:		
Payments on Notes Payable and Lines of Credit	(1,611,529)	(196,508)
Proceeds from Notes Payable	<u>1,663,514</u>	<u>54,000</u>
Net Cash Provided by (Used for) Financing Activities	51,985	(142,508)
Cash Flows from Investing Activities		
Proceeds for Sale of securities	19,860	-
Purchase of property and equipment	<u>(51,201)</u>	<u>(37,302)</u>
Net Cash Used for Investing Activities	<u>(31,341)</u>	<u>(37,302)</u>
Net increase (decrease) in Cash and Cash Equivalents	32,481	(26,903)
Cash and Cash Equivalents - Beginning of Year	<u>183,700</u>	<u>210,603</u>
Cash and Cash Equivalents - End of Year	<u>\$ 216,181</u>	<u>\$ 183,700</u>
Supplemental Disclosures of Cash Flow Information		
Interest	<u>\$ 81,583</u>	<u>\$ 77,928</u>
Income Taxes	<u>n/a</u>	<u>n/a</u>
Supplemental information of Non-cash items:		
Donated revenue/ expenses	<u>\$ 329,564</u>	<u>\$ 332,498</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, 2012 AND 2011**

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 25% 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, 2012 and 2011, 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, 2012 AND 2011**

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 the 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, 2012 and 2011, many individuals volunteer their time and perform a variety of tasks that assist the organizations. In 2012 and 2011 estimated contributed services were \$147,242 and \$152,301; respectively, which were recorded as In-kind Salaries. The agency has estimated it received over 17,584 volunteer hours in 2012 and 15,813 in 2011.

For the years ended December 31, 2012 and 2011 the agency received \$106,836 and \$106,836 of rent without charge which was recorded as In-Kind Rent. For the years ended December 31, 2012 and 2011 the agency received \$67,926 and \$57,969 of food donations which were recorded as In-Kind Food. For the years ended December 31, 2012 and 2011 the agency received \$5,800 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, 2012 AND 2011**

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 in 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 2012 and 2011, bad debt expense was \$3,528 and \$3,835 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 2012 in the accompanying financial statements is included to provide a basis for comparison with 2011 and presents summarized totals only.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 2012, 2011 and 2010 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, 2012 and 2011, 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 May 20, 2013, 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 2012, the Agency delivered 134,643 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 2012, the programs provided 33,940 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, 2012 AND 2011**

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 2012, the adult day programs provided 5,958 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 204 clients during 2012 and were taught by 109 volunteers.

Note 3 – Property and Equipment

Property and equipment consisted of the following at December 31, 2012 and 2011:

<u>Account</u>	2012	2011
Building	\$2,500,000	\$2,500,000
Closing Costs	58,868	62,183
Vehicles	624,123	584,909
Kitchen Equipment	149,188	141,882
Furniture and Office Equipment	158,772	158,771
Leasehold Improvements	411,950	403,955
Depreciation	<u>(1,731,198)</u>	<u>(1,561,234)</u>
	<u>\$2,171,703</u>	<u>\$2,290,466</u>

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 2012 and 2011, respectively \$39,214 and \$0 of vehicles, \$0 and \$11,882 of furniture and office equipment, \$7995 and \$0 of leasehold improvements and \$7,307 and \$16,270 of commissary equipment were acquired.

Depreciation and amortization expense for 2012 and 2011 was \$169,965 and \$170,337, respectively.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Note 4 – Line of Credit

The Organization has a \$600,000 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, 2012 and 2011 the balance outstanding on the line of credit was \$105,000 and \$54,000 respectively.

Interest expenses related to this line of credit for the years then ended December 31, 2012 and 2011 was \$7,420 and \$ 12,736.

Note 5 – Notes Payable and Loans Payable

On April 24, 2012 Meals on Wheels Program and Services of Rockland Inc, refinanced its outstanding mortgage and credit line facilities. This resulted in a payoff of \$ 1,557,675 still outstanding on the mortgage in the original amount of \$ 2,000,000 with Key Bank, together with a prepayment fee of \$ 15,577.

The New Mortgage Loan is as follows:

Lender: TD Bank
Amount: \$1,585,000

Terms: 20 years fully amortizing with monthly payments
Interest Rate: Floating at LIBOR Plus 2.25%

Concurrent with the closing of the financing Meals on Wheels entered into an Interest swap with TD bank fixing the floating rate at 4.49% for ten years.

Security: 1st mortgage lien on condominium
12/31/12 Balance: \$1,556,453

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

2013	\$51,309
2014	\$53,695
2015	\$56,191
2016	\$58,623
2017	<u>\$61,291</u>

Thereafter \$1,275,344

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Note 5 – Notes Payable and Loans Payable (Cont'd)

Vehicle Payable

Meals on Wheels entered into a loan agreement to purchase a 2012 Ford Van. The total cost of the Vehicle was \$27,514. Monthly payments are \$764.27 for 36 months.

The terms of the loan are as follows:

Lender: Ford Motor Credit
Amount: \$27,514
Terms: 36 months
Rate: 1.9%

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

2013	\$9,171
2014	\$9,171
2015	<u>\$8,579</u>
	<u>\$26,921</u>

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. As of December 31, 2012 and 2011, \$141,963 and \$140,792 have been set aside in a separate account and at December 31, 2012 and 2011 \$20,507 and \$ 21,678 was pending a transfer from the operating account.

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.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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, 2012

	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>

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, 2012 balances	\$ 8,568
Senior Center Contributions	25,211
Event Expenses	<u>(28,011)</u>
Ending balances	<u>\$ 5,768</u>

Note 8 – 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 2012 and 2011, the 403(b) contributions were \$18,594 and \$20,209, 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, 2012 AND 2011**

Note 9 – Prior Period Adjustment

For the years 1998 through 2008 Meals on Wheels Programs and Services of Rockland, Inc. was a member of the Community Residence Insurance Saving Plan (CRISP), a Group Self Insurance Trust to cover Workers Compensation. This trust was closed by the NYS Workers Compensation Board (WCB) as a result of a large deficit in the premiums collected during the life of the trust to pay out existing and future claims.

Subsequent to being taken over by the WCB, former members have been assessed amounts to make up this deficit. The amount allocated to Meals on Wheels was \$204,507, an increase of \$157,965 over the deficit previously assessed by the WCB and reported in Meals on Wheels' Statement of Financial Position for 2010 and 2011.

This increase of \$157,965 is recognized in 2011 as a prior year adjustment resulting in a reduction of total net assets in 2011 by the same amount.

Under a Memorandum of Understanding with the WCB, Meals on Wheels will make payments of about \$3,000 a month over the next two years as part of a payment plan agreed by the members of CRISP to fund the deficit prior to a final liquidation of the trust.