

MEALS ON WHEELS
PROGRAMS AND SERVICES OF ROCKLAND, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

**MEALS ON WHEELS
PROGRAMS AND SERVICES
OF ROCKLAND, INC.**

**FINANCIAL STATEMENTS
INCLUDING SINGLE AUDIT REPORTS
YEAR ENDED DECEMBER 31, 2017**

**MEALS ON WHEELS
PROGRAMS AND SERVICES OF ROCKLAND, INC.
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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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, 2017, 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, 2017, 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 Meals on Wheels Programs and Services of Rockland, Inc.'s December 31, 2016 financial statements, and in our report dated May 4, 2017 we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Berard + Associates CPA's PC

Berard & Associates, CPA's P.C.
Suffern, New York
May 11, 2018

www.berardcpas.com

44 Park Ave., Suffern, NY 10901
Suffern T. 845-357-5668 F. 845-357-5637

32 Ball St., P.O. Box 3108, Port Jervis, NY 12771
Port Jervis T. 845-856-5237 F. 845-856-5239

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash	\$ 137,244	\$ 160,785
Cash - Endowment	145,436	144,784
Cash - Restricted	7,753	9,560
Security and Equipment Deposits	8,679	53,291
Investments	19	19
Contracts Receivable	342,869	336,909
Accounts Receivable	231,350	240,062
Inventory	16,799	16,151
Prepaid Expenses and Other	19,523	20,429
Total Current Assets	909,672	981,990
Building and Equipment (net of Depreciation)	1,897,301	1,804,393
TOTAL ASSETS	\$ 2,806,973	\$ 2,786,383
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 85,365	\$ 70,418
Accrued Expenses	132,562	136,017
Current Portion of Crisp Assessment	18,768	45,096
Current Portion of Mortgage and Note Payable	64,140	61,291
Line of Credit	25,000	75,000
Security Deposit	2,000	2,000
Total Current Liabilities	327,835	389,822
Long-term Liabilities		
Crisp Assessment	-	18,768
Mortgage and Note Payable	1,212,051	1,276,191
Total Long-term Liabilities	1,212,051	1,294,959
Total Liabilities	1,539,886	1,684,781
Net Assets		
Unrestricted Net Assets		
Undesignated	492,788	478,503
Net Investment in Building & Equipment	621,110	466,911
Board Designated	145,436	144,784
Total Unrestricted	1,259,334	1,090,198
Temporarily Restricted	7,753	11,404
Permanently Restricted	-	-
TOTAL NET ASSETS	1,267,087	1,101,602
TOTAL LIABILITIES AND NET ASSETS	\$ 2,806,973	\$ 2,786,383

See accompanying notes and independent auditor's report.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Unrestricted			Temporarily Restricted	2017 Total	2016 Total
	Undesignated	Board Designated	Total			
SUPPORT AND REVENUE						
Contributions through United Way	\$ 15,495	\$ -	\$ 15,495	\$ -	\$ 15,495	\$ 13,242
Contributions received from participants	122,813	-	122,813	-	122,813	116,547
Special Events - Revenue	203,581	-	203,581	-	203,581	220,371
Special Events - Expense	(67,649)	-	(67,649)	-	(67,649)	(63,196)
Contributions - General	258,415	-	258,415	-	258,415	287,523
Contributions - Senior Centers	-	-	-	20,586	20,586	18,477
Contributions-Inkind	322,434	-	322,434	-	322,434	296,147
Contributions-Vehicles from governmental agency	136,675	-	136,675	-	136,675	-
Fees and grants from governmental agencies	1,881,191	-	1,881,191	-	1,881,191	1,863,598
Fees and grants - non-governmental agencies	50,500	-	50,500	-	50,500	81,999
Program service fees	823,962	-	823,962	-	823,962	881,532
Other income	57,239	-	57,239	-	57,239	11,259
Investment income	-	652	652	-	652	708
Realized Gain (loss) on sale of investment	-	-	-	-	-	97
Relized Gain (loss) on Disposal Of Vehicle	500	-	500	-	500	-
Net Assets Released from Restrictions	24,237	-	24,237	(24,237)	-	-
Total support & revenue	3,829,393	652	3,830,045	(3,651)	3,826,394	3,728,304
EXPENSES						
Program services						
Senior Centers	1,047,711	-	1,047,711	-	1,047,711	995,814
Homebound	1,323,737	-	1,323,737	-	1,323,737	1,194,055
Adult Day Care	446,191	-	446,191	-	446,191	478,212
Other programs	324,652	-	324,652	-	324,652	339,859
Total program services	3,142,291	-	3,142,291	-	3,142,291	3,007,940
Supporting services						
General & Administration	411,150	-	411,150	-	411,150	419,729
Fund raising	107,468	-	107,468	-	107,468	106,226
Total supporting services	518,618	-	518,618	-	518,618	525,955
Total expenses	3,660,909	-	3,660,909	-	3,660,909	3,533,895
Change in net assets	168,484	652	169,136	(3,651)	165,485	194,409
Net Assets - Beginning of Year	945,414	144,784	1,090,198	11,404	1,101,602	907,193
Net Assets - End of Year	\$ 1,113,898	\$ 145,436	\$ 1,259,334	\$ 7,753	\$ 1,267,087	\$ 1,101,602

See accompanying notes and independent auditor's report.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Senior Centers	Homebound	Adult Day Care	Other Programs	Total Programs	Gen'l & Adm.	Fund Raising	Total Non-Program	2017 Total Expenses	2016 Total Expenses
Salaries	\$ 558,268	\$ 546,022	\$ 244,011	\$ 112,565	\$ 1,460,866	\$ 212,505	\$ 77,443	\$ 289,948	\$ 1,750,814	\$ 1,774,044
In-kind Salaries	53,070	135,322	1,206	10,825	200,423	22,970	-	22,970	223,393	204,455
Payroll taxes	42,857	42,280	18,888	8,797	112,822	15,344	5,769	21,113	133,935	137,149
Employee benefits	44,329	24,830	11,266	7,219	87,644	73,095	7,081	80,176	167,820	166,405
Total Salaries and Related Expenses	698,524	748,454	275,371	139,406	1,861,755	323,914	90,293	414,207	2,275,962	2,282,053
Food	46,200	276,575	8,397	88,170	419,342	-	-	-	419,342	393,313
In Kind Food	3,390	59,266	-	-	62,656	-	-	-	62,656	56,013
Supplies	16,694	65,748	9,087	21,950	113,479	6,315	255	6,570	120,049	94,644
In Kind Supplies	3,575	-	500	-	4,075	-	-	-	4,075	2,870
Professional Fees	28,675	4,529	17,971	14,752	65,927	4,683	187	4,870	70,797	58,509
In Kind Professional Fees	-	-	-	-	-	8,310	-	8,310	8,310	8,809
Vehicle operation	62,536	23,556	19,960	3,265	109,317	-	-	-	109,317	96,229
Conferences & Meetings	405	621	1,397	198	2,621	560	22	582	3,203	2,484
Travel	3,374	2,005	891	-	6,270	-	8	8	6,278	4,971
Advertising	2,611	2,950	9,231	711	15,503	2,455	2,481	4,936	20,439	14,273
Postage	331	3,476	1,077	126	5,010	459	932	1,391	6,401	6,748
Repairs & maintenance	13,704	27,203	17,492	8,361	66,760	13,046	522	13,568	80,328	47,073
Cleaning & extermination	10,101	16,102	7,644	6,421	40,268	1,453	487	1,940	42,208	39,037
Occupancy	54,218	28,545	24,644	11,779	119,186	4,320	2,285	6,605	125,791	130,025
In Kind Rent	24,000	-	-	-	24,000	-	-	-	24,000	24,000
Telephone	10,026	2,582	3,209	781	16,598	1,707	68	1,775	18,373	18,893
Insurance	6,926	7,487	4,591	2,792	21,796	1,563	886	2,449	24,245	24,473
Printing costs	-	-	-	-	-	-	7,347	7,347	7,347	12,225
Dues & subscriptions	4,111	3,559	4,394	1,046	13,110	3,649	146	3,795	16,905	4,573
Equipment	73	436	13	138	660	-	-	-	660	1,397
Bad Debt Expense	-	-	-	9,273	9,273	-	-	-	9,273	12,591
Interest Expense	12,692	16,414	17,868	4,809	51,783	17,476	699	18,175	69,958	75,203
Senior center event	22,242	-	151	-	22,393	-	-	-	22,393	17,257
Miscellaneous	209	2,297	226	16	2,748	-	-	-	2,748	2,784
Total Expenses Before Depreciation & Amort.	1,024,617	1,291,805	424,114	313,994	3,054,530	389,910	106,618	496,528	3,551,058	3,430,447
Depreciation and Amortization	23,094	31,932	22,077	10,658	87,761	21,240	850	22,090	109,851	103,448
Total Expenses	\$ 1,047,711	\$ 1,323,737	\$ 446,191	\$ 324,652	\$ 3,142,291	\$ 411,150	\$ 107,468	\$ 518,618	\$ 3,660,909	\$ 3,533,895

See accompanying notes and independent auditor's report.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flow from Operating Activities		
Increase/(Decrease) in net assets	\$ 165,485	\$ 194,409
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	109,851	103,448
Changes in operating assets and liabilities		
(Increase)/Decrease in Security and equipment	44,612	(49,791)
(Increase)/Decrease in Accounts receivable	8,712	(33,358)
(Increase)/Decrease in Contracts receivable	(5,960)	94,420
(Increase)/Decrease in Inventory	(648)	(2,947)
(Increase)/Decrease in Prepaid expenses and other	906	(2,574)
Increase/(Decrease) in Accounts payable	14,947	32,490
Increase/(Decrease) in Accrued expenses	(3,455)	4,740
Net Cash Provided by Operating Activities	334,450	340,837
Cash Flows from Financing Activities:		
Payments on Notes Payable	(106,387)	(84,704)
Change in Line of Credit	(50,000)	(185,000)
Net Cash Used for Financing Activities	(156,387)	(269,704)
Cash Flows from Investing Activities		
Purchase of securities	-	(16)
Net Purchase of property and equipment	(202,759)	(12,769)
Net Cash Used for Investing Activities	(202,759)	(12,785)
Net increase/(decrease) in Cash and Cash Equivalents	(24,696)	58,348
Cash and Cash Equivalents - Beginning of Year	315,129	256,781
Cash and Cash Equivalents - End of Year	<u>\$ 290,433</u>	<u>\$ 315,129</u>
Supplemental Disclosures of Cash Flow Information		
Interest	<u>\$ 69,958</u>	<u>\$ 75,203</u>
Income Taxes	<u>n/a</u>	<u>n/a</u>
Supplemental information of Non-cash items:		
Donated revenue / expenses	<u>\$ 322,434</u>	<u>\$ 296,147</u>

See accompanying notes and independent auditor's report.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

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 53% of its support from government agencies and 22% 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. In addition, the Organization is required to present a statement of cash flows.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reposted as follows:

Unrestricted net assets – Net assets whose use by the Organization is not subject to donor-imposed restriction.

Temporarily restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or when the stipulations have been fulfilled.

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.

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 YEAR ENDED DECEMBER 31, 2017 AND 2016**

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 for which the cost exceeds \$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 year ended December 31, 2017 and 2016, many individuals volunteer their time and perform a variety of tasks that assist the organizations. In 2017 and 2016 estimated contributed services were \$223,393 and \$204,455, respectively, which were recorded as In-kind Salaries. The agency has estimated it received over 21,198 volunteer hours in 2017 and 21,582 in 2016.

For the years ended December 31, 2017 and 2016 the agency received \$24,000 and \$24,000 of rent without charge which was recorded as In-Kind Rent. For the years ended December 31, 2017 and 2016 the agency received \$62,656 and \$56,013 of food donations which were recorded as In-Kind Food. For the years ended December 31, 2017 and 2016 the agency received \$4,075 and \$2,870 of supplies which were recorded as In-Kind Supplies. For the years ended December 31, 2017 and 2016 the agency received \$8,310 and \$8,809 of legal services which was recorded as In-Kind Professional Services.

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

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 is 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 2017 and 2016, bad debt expense was \$9,273 and \$12,591 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
Building	27.5 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. 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 2016 in the accompanying financial statements is included to provide a basis for comparison with 2017 and presents summarized totals only.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

Note 2 –Programs

Homebound Program

Offers a variety of prepared and packaged home delivered meals that are delivered every weekday (including holidays) and provide meals for up 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 funding options are available. In 2017, the Agency delivered 126,470 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 2017, the programs provided 26,332 days of service to seniors at all of our centers.

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 2017, the adult day programs provided 4,245 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 97 clients during 2017 and was taught by 15 volunteers.

Note 3 - 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. At December 31, 2017, the Organization held cash accounts at six financial institutions for which the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. For the years ended December 31, 2017 and 2016, respectively, the balances did not exceed the insured limits. At December 31, 2017, the Organization held \$19 in a money market fund which is not insured by the FDIC.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

Note 4 – Property and Equipment

Property and equipment consisted of the following at December 31, 2017 and 2016:

<u>Account</u>	<u>2017</u>	<u>2016</u>
Building	\$2,500,000	\$ 2,500,000
Closing Costs	58,868	58,868
Vehicles	724,503	583,513
Kitchen Equipment	223,170	207,146
Furniture and Office Equipment	179,610	205,866
Leasehold Improvements	446,270	437,445
Accumulated Depreciation	<u>(2,235,120)</u>	<u>(2,188,445)</u>
	<u>\$1,897,301</u>	<u>\$ 1,804,393</u>

During 2017, Meals on Wheels received three buses through a grant from the New York State Department of Transportation. The grant has performance requirement and restrictions on disposing of the asset through December 31, 2021.

Depreciation and amortization expense for 2017 and 2016 was \$109,851 and \$103,448 respectively.

Note 5 – 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, 2017 and 2016, the balance outstanding on the line of credit was \$25,000 and \$75,000 respectively.

Interest expense related to this line of credit for the years then ended December 31, 2017 and 2016 was \$5,121 and \$8,069 respectively.

Note 6 – Mortgage

The Mortgage Loan is as follows:

Lender: TD Bank
Original 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

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 6 – Notes Payable and Loans Payable (Cont'd)

December 31, 2017 balance: \$1,276,191

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

2018	64,140
2019	67,122
2020	70,095
2021	73,500
2022	76,927
Thereafter	<u>924,407</u>
	<u>\$1,276,191</u>

Note 7 – 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, 2017 and 2016, \$145,436 and \$144,784 have been set aside in a separate 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.

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.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

Note 7 – Endowment Funds (Cont'd)

Endowment Net Asset Composition by Type of Fund as of December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted Endowment funds	\$ -	\$ -	\$ -	\$ -
Board Designated	<u>\$ 145,436</u>	<u>-</u>	<u>-</u>	<u>\$ 145,436</u>
	<u>\$ 145,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,436</u>

Note 8 –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, 2017 balances	\$ 9,560
Senior Center Contributions	20,586
Event Expenses	<u>(22,393)</u>
Ending balances	<u>\$ 7,753</u>

Note 9 – Employee Benefit Plans

The Organization maintains a 403(b) plan for any employee employed after 30 days. Employee 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 2017 and 2016, the 403(b) contributions were \$13,198 and \$14,084, respectively. The agency also has a Section 125 Plan (medical premiums only) for employees employed after three (3) months.

Note 10 – Crisp Assessment

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 \$173,346.

Under a Memorandum of Understanding with the WCB, Meals on Wheels was making payments of \$2,882 a month as part of a payment plan agreed upon by the members of CRISP to fund the deficit prior to a final liquidation of the trust. In early 2016, a final settlement was arrived at for the December 31, 2015 balance of \$90,170 with monthly payments of \$3,758 for two years. At December 31, 2017 and 2016 the balance outstanding on the Crisp Assessment was \$18,768 and \$63,864, respectively.

Note 11-Subsequent Events

Management has evaluated subsequent events after the balance sheet date through May 11, 2018, the date the financial statements are available to be issued.