

MEALS ON WHEELS  
PROGRAMS AND SERVICES OF ROCKLAND, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

**MEALS ON WHEELS  
PROGRAMS AND SERVICES OF ROCKLAND, INC.  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Changes in Cash Flows	5
Notes to Financial Statements	6-14



## 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, 2013 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, 2013, 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, 2012 financial statements, and in our report dated July 8, 2013, 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, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Berard and Donahue CPA's PC  
Suffern, New York  
April 10, 2014

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>ASSETS</b>		
Cash	\$ 272,696	\$ 68,449
Cash-Endowment	142,746	141,963
Cash - Restricted	4,552	5,769
Contracts Receivable	312,640	416,563
Accounts Receivable	159,471	184,437
Inventory	17,196	14,453
Prepaid expenses and other	13,965	12,398
Total Current Assets	923,266	844,032
Building and Equipment (net of Depreciation)	2,044,853	2,171,703
<b>TOTAL ASSETS</b>	<b>\$ 2,968,119</b>	<b>\$ 3,015,735</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 52,332	\$ 33,530
Accrued Expenses	113,937	122,419
Current Portion of Vehicle Loan Payable	9,171	9,171
Crisp Assessment	18,000	18,000
Current Portion of Mortgage and Note Payable	183,695	156,309
Security Deposit	2,000	2,000
Total Current Liabilities	379,135	341,429
Long-term Liabilities		
Vehicle Loan Payable	8,579	17,750
Crisp Assessment	159,129	176,423
Mortgage and Note Payable	1,451,558	1,505,143
Total Long-term Liabilities	1,619,266	1,699,316
<b>Total Liabilities</b>	<b>1,998,401</b>	<b>2,040,745</b>
<b>Net Assets</b>		
Unrestricted Net Assets		
Undesignated	262,313	191,501
Net Investment in Property & Equipment	539,599	615,251
Total Unrestricted	801,912	806,752
Temporarily Restricted	167,806	168,238
Permanently Restricted	-	-
<b>TOTAL NET ASSETS</b>	<b>969,718</b>	<b>974,990</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,968,119</b>	<b>\$ 3,015,735</b>

See Notes to Financial Statements

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012**

	<b>2013</b>			<b>2012 Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	
<b>SUPPORT AND REVENUE</b>				
Contributions through United Way	\$ 16,193	\$ -	\$ 16,193	\$ 11,675
Contributions received from participants	138,778	-	138,778	171,579
Special Events - Revenue	215,957	-	215,957	192,682
Special Event Expenses	(45,569)	-	(45,569)	(44,660)
Contributions - General	258,039	-	258,039	252,778
Contributions - Senior Centers	-	21,475	21,475	25,211
Contributions-Inkind	251,333	-	251,333	329,564
Fees and grants from governmental agencies	1,867,925	-	1,867,925	1,923,637
Program service fees	887,865	-	887,865	978,299
Other income	10,650	-	10,650	11,915
Investment income	-	784	784	1,172
Realized Gain on sale of investment	-	-	-	8,283
Net Assets Released from Restrictions	22,691	(22,691)	-	-
Total support & revenue	<u>3,623,862</u>	<u>(432)</u>	<u>3,623,430</u>	<u>3,862,135</u>
<b>EXPENSES</b>				
Program services				
Senior Centers	1,162,871	-	1,162,871	1,271,281
Homebound	1,130,778	-	1,130,778	1,178,017
Adult Day Care	576,705	-	576,705	587,632
Other programs	272,042	-	272,042	277,607
Total program services	<u>3,142,396</u>	<u>-</u>	<u>3,142,396</u>	<u>3,314,537</u>
Supporting services				
General & Administration	368,101	-	368,101	412,274
Fund raising	118,205	-	118,205	121,035
Total supporting services	<u>486,306</u>	<u>-</u>	<u>486,306</u>	<u>533,309</u>
Total expenses	<u>3,628,702</u>	<u>-</u>	<u>3,628,702</u>	<u>3,847,846</u>
Change in net assets	(4,840)	(432)	(5,272)	14,289
Net Assets - Beginning of Year	<u>806,752</u>	<u>168,238</u>	<u>974,990</u>	<u>960,701</u>
Net Assets - End of Year	<u>\$ 801,912</u>	<u>\$ 167,806</u>	<u>\$ 969,718</u>	<u>\$ 974,990</u>

See Notes to Financial Statements

MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Senior Centers	Homebound	Adult Day Care	Other Programs	Total	Gen'l & Admin.	Fund Raising	Total	2013 Total Expenses	2012 Total Expenses
Salaries	\$ 613,323	\$ 483,084	\$ 353,333	\$ 97,745	\$ 1,547,485	\$ 212,971	\$ 75,952	\$ 288,923	\$ 1,836,408	\$ 1,857,698
Inkind Salaries	42,720	89,535	15,600	5,920	153,775	1,320	-	1,320	155,095	147,255
Payroll taxes	45,579	34,611	25,590	7,212	112,992	24,525	5,813	30,338	143,330	165,501
Employee benefits	37,757	34,400	27,262	8,893	108,312	59,298	1,332	60,630	168,942	173,762
<b>Total Salaries and Related Expenses</b>	<b>739,379</b>	<b>641,630</b>	<b>421,785</b>	<b>119,770</b>	<b>1,922,564</b>	<b>298,114</b>	<b>83,097</b>	<b>381,211</b>	<b>2,303,775</b>	<b>2,344,216</b>
Food	74,709	224,126	-	74,709	373,544	-	-	-	373,544	416,696
In Kind Food	2,500	57,123	-	-	59,623	-	-	-	59,623	72,304
Supplies	20,415	47,034	4,508	15,486	87,443	2,341	383	2,724	90,167	97,364
In Kind Supplies	2,115	-	500	-	2,615	-	-	-	2,615	3,042
Professional Fees	19,278	5,725	14,010	9,298	48,311	4,623	185	4,808	53,119	34,531
Vehicle operation	78,662	26,016	23,854	4,900	133,432	117	3	120	133,552	131,289
Conferences & Meetings	783	1,109	1,949	266	4,107	177	36	213	4,320	3,835
Travel	2,697	1,955	1,712	43	6,407	75	3	78	6,485	5,721
Advertising	2,827	1,543	2,441	898	7,709	2,989	900	3,889	11,598	7,726
Postage	483	3,712	1,222	390	5,807	707	998	1,705	7,512	8,389
Repairs & maintenance	11,440	14,752	8,484	5,913	40,589	7,123	251	7,374	47,963	34,346
Cleaning & extermination	12,291	15,378	7,724	6,250	41,643	1,545	531	2,076	43,719	49,941
Occupancy	59,045	26,189	23,910	11,399	120,543	3,916	2,290	6,206	126,749	113,979
In Kind Rent	24,000	-	-	-	24,000	-	-	-	24,000	106,836
Telephone	9,720	2,473	3,382	3,814	19,389	1,773	3,353	5,126	24,515	20,489
Insurance	6,304	4,882	3,277	1,999	16,462	714	763	1,477	17,939	22,917
Printing costs	-	-	-	-	-	-	22,211	22,211	22,211	23,236
Dues & subscriptions	353	381	991	116	1,841	423	17	440	2,281	1,780
Equipment	795	2,387	883	142	4,207	221	9	230	4,437	3,143
Bad Debt Expense	-	-	-	-	-	-	-	-	-	3,528
Interest Expense	15,856	17,543	19,233	5,127	57,759	19,285	2,322	21,607	79,366	81,583
Senior center event	21,726	-	-	-	21,726	-	-	-	21,726	33,678
Miscellaneous	558	3,488	638	-	4,684	2,638	-	2,638	7,321	16,480
<b>Total Expenses Before Depreciation &amp; Amort.</b>	<b>1,105,936</b>	<b>1,097,446</b>	<b>540,503</b>	<b>260,520</b>	<b>3,004,405</b>	<b>346,781</b>	<b>117,352</b>	<b>464,133</b>	<b>3,468,538</b>	<b>3,637,050</b>
Writeoff remaining closing costs	-	-	-	-	-	-	-	-	-	40,832
Depreciation and Amortization	56,935	33,332	36,202	11,522	137,991	21,320	853	22,173	160,164	169,964
<b>Total Expenses</b>	<b>\$ 1,162,871</b>	<b>\$ 1,130,778</b>	<b>\$ 576,705</b>	<b>\$ 272,042</b>	<b>\$ 3,142,396</b>	<b>\$ 368,101</b>	<b>\$ 118,205</b>	<b>\$ 486,306</b>	<b>\$ 3,628,702</b>	<b>\$ 3,847,846</b>

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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flow from Operating Activities		
Increase (Decrease) in net assets	\$ (5,272)	\$ 14,289
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	160,164	169,964
Changes in operating assets and liabilities		
Accounts receivable	24,966	(9,323)
Contracts receivable	103,923	(114,010)
Inventory	(2,743)	(2,717)
Prepaid expenses and other	(1,567)	1,699
Accounts payable	18,802	(47,491)
Accrued expenses	(8,482)	(574)
Net Cash Provided by (Used for) Operating Activities	289,791	11,837
Cash Flows from Financing Activities:		
Payments on Notes Payable and Lines of Credit	(119,300)	(1,611,529)
Proceeds from Notes Payable	66,636	1,663,514
Net Cash Provided by (Used for) Financing Activities	(52,664)	51,985
Cash Flows from Investing Activities		
Proceeds for Sale of securities	-	19,860
Purchase of property and equipment	(33,314)	(51,201)
Net Cash Used for Investing Activities	(33,314)	(31,341)
Net increase (decrease) in Cash and Cash Equivalents	203,813	32,481
Cash and Cash Equivalents - Beginning of Year	216,181	183,700
Cash and Cash Equivalents - End of Year	<u>\$ 419,994</u>	<u>\$ 216,181</u>
Supplemental Disclosures of Cash Flow Information		
Interest	<u>\$ 79,366</u>	<u>\$ 81,583</u>
Income Taxes	<u>n/a</u>	<u>n/a</u>
Supplemental information of Non-cash items:		
Donated revenue/ expenses	<u>\$ 251,333</u>	<u>\$ 329,564</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, 2013 AND 2012**

**Note 1 – Summary of Significant Accounting Policies**

**Nature of Activities**

Meals on Wheels Programs and Services of Rockland, Inc. (the "Organization") were 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 51% 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, 2013 and 2012, 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, 2013 AND 2012**

**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, 2013 and 2012, many individuals volunteer their time and perform a variety of tasks that assist the organizations. In 2013 and 2012 estimated contributed services were \$155,095 and \$147,242; respectively, which were recorded as In-kind Salaries. The agency has estimated it received over 34,299 volunteer hours in 2013 and 17,584 in 2012.

For the years ended December 31, 2013 and 2012 the agency received \$24,000 and \$106,836 of rent without charge which was recorded as In-Kind Rent. For the years ended December 31, 2013 and 2012 the agency received \$59,926 and \$67,926 of food donations which were recorded as In-Kind Food. For the years ended December 31, 2013 and 2012 the agency received \$2,615 and \$5,800 of supplies which were recorded as In-Kind Supplies. For the years ended December 31, 2013 and 2012 the agency received \$10,000 and \$0 of equipment which was recorded as In-Kind equipment.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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 2013 and 2012, bad debt expense was \$2,448 and \$2,448 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 2013 in the accompanying financial statements is included to provide a basis for comparison with 2012 and presents summarized totals only.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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 2013, 2012 and 2011 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, 2013 and 2012, 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 2013, the Agency delivered 139,699 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 2013, the programs provided 29,312 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, 2013 AND 2012**

**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 2013, the adult day programs provided 4,220 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 182 clients during 2013 and was taught by 40 volunteers.

**Note 3 – Property and Equipment**

Property and equipment consisted of the following at December 31, 2013 and 2012:

<u>Account</u>	<u>2013</u>	<u>2012</u>
Building	\$2,500,000	\$2,500,000
Closing Costs	58,868	58,868
Vehicles	624,123	624,123
Kitchen Equipment	159,188	149,188
Furniture and Office Equipment	169,587	158,772
Leasehold Improvements	424,450	411,950
Depreciation	<u>(1,891,360)</u>	<u>(1,731,198)</u>
	<u>\$ 2,044,856</u>	<u>\$ 2,171,703</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 2013 and 2012, respectively \$10,735 and \$0 of Computer Equipment, \$12,500 and \$0 of Leasehold Improvement were acquired.

Depreciation and amortization expense for 2013 and 2012 was \$160,164 and \$169,965, respectively.

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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, 2013 and 2012 the balance outstanding on the line of credit was \$130,000 and 105,000 respectively.

Interest expenses related to this line of credit for the years then ended December 31, 2013 and 2012 was \$4,969 and \$ 7,420.

**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: 1<sup>st</sup> mortgage lien on condominium  
12/31/13 Balance: \$1,505,253

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

2014	\$ 53,695
2015	56,191
2016	58,623
2017	61,291
2018	64,406
Thereafter	<u>1,211,047</u>
	<u>\$1,505,253</u>

**MEALS ON WHEELS PROGRAMS AND SERVICES OF ROCKLAND, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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:

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, 2013 and 2012, \$142,746 and \$141,963 have been set aside in a separate account and at December 31, 2013 and 2012 \$20,507 and \$ 20,507 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, 2013 AND 2012**

**Note 6 – Endowment Funds (Cont'd)**

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, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted Endowment funds	\$ -	\$ -	\$ -	\$ -
Board restricted	<u>\$163,254</u>	-	-	<u>\$163,254</u>
	<u>\$163,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$163,254</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, 2013 balances	\$ 5,768
Senior Center Contributions	21,475
Event Expenses	<u>(22,691)</u>
Ending balances	<u>\$ 4,552</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 2013 and 2012, the 403(b) contributions were \$17,940 and \$18,594, 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, 2013 AND 2012**

**Note 9 – 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 \$204,507.

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. At December 31, 2013 and 2012 the balance outstanding on the Crisp Assessment was \$177,129 and \$194,423 respectively.