

**Audited Financial Statements**

# **Meals On Wheels West**

**June 30, 2008**

**Quigley & Miron**

# Quigley & Miron

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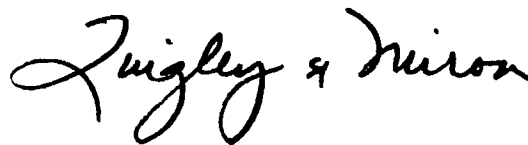
## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Meals on Wheels West  
Santa Monica, California

We have audited the accompanying statement of financial position of Meals on Wheels West (Organization) as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 that our audit provide 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 West as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Santa Monica, California  
March 3, 2009

MEALS ON WHEELS WEST  
STATEMENT OF FINANCIAL POSITION  
June 30, 2008  
(with comparative totals for 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 348,578	\$ 287,617
Prepaid expenses	4,495	4,400
TOTAL CURRENT ASSETS	<u>353,073</u>	<u>292,017</u>
PROPERTY AND EQUIPMENT, NET		
Furniture and equipment	31,761	30,069
Leasehold improvements	29,911	29,911
	<u>61,672</u>	<u>59,980</u>
Less accumulated depreciation	(32,202)	(25,459)
NET PROPERTY AND EQUIPMENT	<u>29,470</u>	<u>34,521</u>
TOTAL ASSETS	<u>\$ 382,543</u>	<u>\$ 326,538</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 12,204	\$ 11,963
Accrued payroll expense	4,386	3,376
Accrued vacation pay expense	11,383	10,131
Deferred lease incentive	15,763	12,203
TOTAL CURRENT LIABILITIES	<u>43,736</u>	<u>37,673</u>
COMMITMENTS--Note 2		
NET ASSETS		
Unrestricted	338,807	288,865
TOTAL NET ASSETS	<u>338,807</u>	<u>288,865</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 382,543</u>	<u>\$ 326,538</u>

See notes to financial statements.

MEALS ON WHEELS WEST  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008  
(with comparative totals for 2007)

	<u>2008</u>	<u>2007</u>
UNRESTRICTED NET ASSETS		
Public Support and Revenue		
Contributions	\$ 291,768	\$ 152,658
Government grants	128,755	138,728
Meal fees	129,881	139,371
In-kind contributed meals	18,605	14,185
Fundraising events, net--Note 3	10,815	6,614
Dividend and interest income	9,645	11,254
Loss on investments		<u>(1,021)</u>
TOTAL PUBLIC SUPPORT AND REVENUE	589,469	461,789
Expenses		
Program services	417,731	419,949
Management and general	45,553	43,988
Fund development	<u>76,243</u>	<u>31,793</u>
TOTAL EXPENSES	<u>539,527</u>	<u>495,730</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	49,942	(33,941)
NET ASSETS AT BEGINNING OF YEAR	<u>288,865</u>	<u>322,806</u>
NET ASSETS AT END OF YEAR	<u>\$ 338,807</u>	<u>\$ 288,865</u>

See notes to financial statements.

MEALS ON WHEELS WEST  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2008  
(with comparative totals for 2007)

EXPENSES	Program Services	Supporting Services		Totals	
		Management and General	Fund Development	2008	2007
<b>Personnel</b>					
Salaries	\$ 133,427	\$ 25,243	\$ 21,637	\$ 180,307	\$ 172,589
Payroll taxes	10,771	2,038	1,747	14,556	14,591
Employee benefits	<u>14,141</u>	<u>2,675</u>	<u>2,293</u>	<u>19,109</u>	<u>20,251</u>
TOTAL PERSONNEL	158,339	29,956	25,677	213,972	207,431
<b>Non-personnel</b>					
Cost of meals	171,294			171,294	177,894
Occupancy	30,974	5,860	5,023	41,857	40,172
Supplies	31,647	5,701	26,509	63,857	41,247
Depreciation	4,990	944	809	6,743	7,238
Professional fees	13,352	1,085	17,190	31,627	8,916
Insurance	3,679	696	597	4,972	5,230
Telephone	2,099	397	340	2,836	2,806
Travel	607	115	98	820	2,758
Membership dues	<u>750</u>	<u>799</u>		<u>1,549</u>	<u>2,038</u>
TOTAL NON-PERSONNEL	<u>259,392</u>	<u>15,597</u>	<u>50,566</u>	<u>325,555</u>	<u>288,299</u>
TOTALS	<u>\$ 417,731</u>	<u>\$ 45,553</u>	<u>\$ 76,243</u>	<u>\$ 539,527</u>	<u>\$ 495,730</u>

See notes to financial statements.

MEALS ON WHEELS WEST  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2008  
(with comparative totals for 2007)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 49,942	\$ (33,941)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,743	7,238
Loss on investments		1,021
Changes in operating assets and liabilities:		
Increase in:		
Prepaid expenses	(95)	
Increase (decrease) in:		
Accounts payable	241	(856)
Accrued payroll expense	1,010	225
Accrued vacation pay expense	1,252	924
Deferred lease incentive	3,560	4,738
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>62,653</u>	<u>(20,651)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions of certificates of deposit		309,000
Purchases of certificates of deposit		(105,000)
Proceeds from sale of investments		7,684
Purchase of property	<u>(1,692)</u>	<u>(2,473)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,692)</u>	<u>209,211</u>
INCREASE IN CASH AND CASH EQUIVALENTS	60,961	188,560
BEGINNING CASH AND CASH EQUIVALENTS	<u>287,617</u>	<u>99,057</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 348,578</u>	<u>\$ 287,617</u>
SUPPLEMENTARY DISCLOSURES		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to financial statements.

MEALS ON WHEELS WEST  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities--Meals on Wheels West (Organization), formerly known as Santa Monica/Malibu Meals on Wheels, was operated as a program of the Westside Interfaith Council prior to July 1, 1996. The program started on April 22, 1974 for the purpose of providing nutritious meals at a nominal cost to the disabled, elderly and the homebound in need of service in the Santa Monica, Malibu, Pacific Palisades and Topanga Canyon geographic area. On March 6, 1996, Meals on Wheels West incorporated as a not for profit corporation for the purpose of operating as a separate entity effective July 1, 1996. The major sources of public support and revenue are fees collected for meals (22% in 2008 and 30% in 2007), private contributions (50% in 2008 and 33% in 2007) and government grants (22% in 2008 and 30% in 2007).

Contributions--Non-reciprocal contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. It is the policy of the Organization to record restricted support as unrestricted support where the donor-restrictions have been satisfied within the reporting period.

Income Taxes--The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Cash and Cash Equivalents--The Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk--The Organization maintains cash balances at a high quality financial institution, where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash balances of the Organization did not exceed the FDIC limit at June 30, 2008. Additionally, the Organization maintains cash balances with UnionBanc Investment Services, a brokerage firm, where accounts are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to \$500,000, including cash claims limited to \$100,000. Cash balances of the Organization exceeded the SIPC cash claims limit at June 30, 2008 by \$191,677.

MEALS ON WHEELS WEST  
NOTES TO FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
--Continued

Property and Equipment--Property and equipment is stated at cost when purchased, or at estimated fair market value at the date of bequest or gift. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, principally 5 years. Amortization of equipment purchased under capital lease obligations is included in depreciation expense. It is the Organization's policy to expense items purchased or donated with values less than \$500.

Donated Materials and Services--The Organization records the value of donated food at the time of donation. No amounts have been reflected in the statements for the value of donated services as no objective basis is available to measure the value of such services and they do not create or enhance a non-financial asset. Nevertheless, a substantial number of volunteers donated significant amounts of time to the Organization. The estimated total hours for program services for the years ended June 30, 2008 and 2007 is 25,000. Using an average hourly wage of \$8.00, the total estimated annual value of such donated services is approximately \$200,000.

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

Reclassifications--Certain amounts in 2007 have been reclassified to conform with the 2008 financial statement presentation.

Comparative Totals for 2007--The accompanying financial statements include certain prior-year summarized comparative financial information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2007, from which the summarized information was derived.



MEALS ON WHEELS WEST  
 NOTES TO FINANCIAL STATEMENTS--Continued

NOTE 2--COMMITMENTS

The Organization rents office space in Santa Monica, California under a noncancellable operating lease agreement (Agreement) which commenced on November 1, 2005 and expires on October 31, 2015. The Organization retains the option to extend the term of the Agreement for two additional sixty month periods with advance written notice of no less than six months. The conditional rental rate would initially be based on a market rental value adjustment on November 1, 2006 with annual minimum 5% increases or cost of living adjustments, whichever is higher, on the anniversary through November 1, 2014. The cost of living adjustments are based on the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor. Additionally, the Organization rents equipment under a noncancellable operating lease that commenced in January 2006 and expires in December 2010. Future minimum annual rental payments under these lease agreements are as follows:

<u>Year Ending June 30,</u>	
2009	\$ 28,014
2010	29,313
2011	29,659
2012	30,070
2013	31,573
Thereafter	<u>79,751</u>
	TOTAL \$ <u>228,380</u>

Rent expense for the new Santa Monica location is recognized on a straight-line basis over the lease terms based on the total payments required under the lease. The deferred lease incentive amounts of \$15,763 and \$12,203 at June 30, 2008 and 2007, respectively, represents the cumulative difference between the amounts paid and amounts expensed under the lease.

Rental expense related to the above leases for the years ended June 30, 2008 and 2007 was \$27,120 and \$22,800, respectively.

NOTE 3--FUNDRAISING EVENTS, NET

Net income for the various fundraising events held during the years ended June 30, 2008 and 2007, respectively, consists of the following:

	<u>2008</u>	<u>2007</u>
Fundraising events income	\$ 11,990	\$ 7,561
Less related fundraising events expenses	<u>(1,175)</u>	<u>(947)</u>
NET	<u>\$ 10,815</u>	<u>\$ 6,614</u>

MEALS ON WHEELS WEST  
NOTES TO FINANCIAL STATEMENTS--Continued

NOTE 4--OFFICER FRINGE BENEFIT

The Organization contributes to a salary reduction account for its executive director, which is maintained pursuant to Internal Revenue Code Section 403(b). This account is held through the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). Contribution expense for the years ended June 30, 2008 and 2007 amounted to approximately \$4,500 and \$4,000, respectively.