

**LONGMONT MEALS ON WHEELS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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THE ADAMS GROUP, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Board of Directors  
Longmont Meals on Wheels, Inc.  
Denver, Colorado

### **Opinion**

We have audited the accompanying financial statements of Longmont Meals on Wheels, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Longmont Meals on Wheels, Inc. as of December 31, 2023, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Longmont Meals on Wheels, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Longmont Meals on Wheels, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Longmont Meals on Wheels, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Longmont Meals on Wheels, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*The Adams Group, LLC*

Greenwood Village, Colorado  
July 24, 2024

LONGMONT MEALS ON WHEELS, INC.  
STATEMENT OF FINANCIAL POSITION

December 31,	2023
<u>Assets</u>	
Cash and cash equivalents	\$ 649,219
Accounts receivable, net	15,368
Investments	1,824,512
Inventory	24,723
Beneficial interest in assets held by others	30,575
Property and equipment, net	<u>306,429</u>
Total Assets	<u>\$ 2,850,826</u>
<u>Liabilities and Net Assets</u>	
<u>Liabilities</u>	
Accrued liabilities	<u>8,353</u>
Total liabilities	<u>8,353</u>
<u>Net Assets</u>	
Without donor restriction	
Undesignated	2,111,898
Board designated	<u>730,575</u>
Total without donor restriction	<u>2,842,473</u>
Total net assets	<u>2,842,473</u>
Total Liabilities and Net Assets	<u>\$ 2,850,826</u>

The accompanying notes are an integral part of these financial statements.

LONGMONT MEALS ON WHEELS, INC.  
STATEMENT OF ACTIVITIES

For the Year Ended December 31,	2023
	<u>Without Donor Restriction</u>
<u>Support, Revenue, and Other Gains</u>	
Food service income	\$ 237,674
Less: cost of goods sold	(426,193)
Net food service income (loss)	<u>(188,519)</u>
Contributions and grants	886,532
Events and sponsorships, net of expenses of \$5,127	71,664
Investment income, net	157,475
Other income	7,851
Contributed non-financial assets	<u>26,872</u>
Total support, revenue, and other gains	<u>961,875</u>
<u>Expenses</u>	
Program services	558,199
Supporting services	
Management and general	127,940
Fundraising	42,839
Total supporting services	<u>170,779</u>
Total expenses	<u>728,978</u>
Changes in net assets	232,897
Net assets, beginning of year	<u>2,609,576</u>
Net assets, end of year	<u><u>\$ 2,842,473</u></u>

The accompanying notes are an integral part of these financial statements.

LONGMONT MEALS ON WHEELS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2023

	Supporting Services				Total Expenses
	Program Services	Management & General	Fundraising	Total	
Salaries	\$ 426,692	\$ 60,956	\$ 20,319	\$ 81,275	\$ 507,967
Payroll taxes	36,249	5,178	1,726	6,904	43,153
Employee benefits	25,866	3,695	1,232	4,927	30,793
Total salaries and benefits	488,807	69,829	23,277	93,106	581,913
Cost of food	426,193	0	0	0	426,193
Office expenses	0	33,723	0	33,723	33,723
Telephone	2,959	987	0	987	3,946
Mailing	0	0	16,505	16,505	16,505
Rental and maintenance of equipment	6,668	2,223	0	2,223	8,891
Insurance	5,559	293	0	293	5,852
Postage and shipping	966	276	138	414	1,380
Advertising	0	515	2,919	3,434	3,434
Professional fees	6,860	8,385	0	8,385	15,245
In-kind expenses	21,498	5,374	0	5,374	26,872
Miscellaneous expenses	398	212	0	212	610
Depreciation	24,484	6,123	0	6,123	30,607
	984,392	127,940	42,839	170,779	1,155,171
Less: Cost of food netted with revenue	(426,193)	0	0	0	(426,193)
Total expenses	\$ 558,199	\$ 127,940	\$ 42,839	\$ 170,779	\$ 728,978

The accompanying notes are an integral part of these financial statements.

LONGMONT MEALS ON WHEELS, INC.  
STATEMENT OF CASH FLOWS

For the Year Ended December 31,	2023
Cash flows from operating activities:	
Cash received from food sales	\$ 241,837
Cash received from contributions and grants	886,532
Cash received from events and sponsorships	76,791
Other cash received	7,851
Interest and dividends received	21,619
Cash paid to employees and suppliers	<u>(1,134,999)</u>
Net cash from operating activities	<u>99,631</u>
Cash flows from investing activities:	
(Purchase) Sale of investments	<u>(114,047)</u>
Net change in cash and cash equivalents	(14,416)
Cash and cash equivalents at beginning of year	<u>663,635</u>
Cash and cash equivalents at end of year	<u>\$ 649,219</u>
Noncash transactions	
Contributed non-financial assets	<u>\$ 26,872</u>

The accompanying notes are an integral part of these financial statements.



LONGMONT MEALS ON WHEELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Longmont Meals on Wheels, Inc. (the “Organization”) provides nutritionally planned meals delivered to individual homes throughout the Longmont, Colorado area and served at the Longmont Senior Center.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared in accordance with generally accepted accounting principles in the United States (US GAAP) and accordingly, reflect all significant receivables, payables, and other liabilities.

Classes of Net Assets

The financial statements report amounts separately by classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions, or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable State law.

Contributions, Grants, and Promises to Give

Contributions are recorded as net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Organization. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not recognized as support until the conditions are substantially met. Funds received prior to conditions being met are reflected as refundable advances. Restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions.

Contributed Non-Financial Assets

Contributions of goods and services are recorded at their estimated fair value at the time of receipt. Donated services are only recorded if the services create or enhance a nonfinancial asset or require specialized skills that the Organization would need to otherwise purchase. Many individuals volunteer their time to perform a variety of tasks, however no amounts are reflected in the accompanying financial statements as the volunteer time does not meet the criteria for recognition under generally accepted accounting principles.

LONGMONT MEALS ON WHEELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Non-Financial Assets (continued)

The Organization's policy related to contributed non-financial assets is to utilize the assets given to carry out its mission. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

During the year ended December 31, 2023, the Organization recognized contributed non-financial assets of \$26,872 for donated building space, which was estimated by management based on prevailing market pricing. There were no contributed non-financial assets monetized during the year ended December 31, 2023.

Special Events

Proceeds for special events are recognized as revenue on the date(s) events take place. Proceeds received in advance of events are recorded as deferred revenue. Deferred revenue recorded at year-end is generally recognized as revenue in the subsequent year.

Food Service Income

Revenue from food services is recognized at the time food is served. Customers are generally billed at the end of each month for meals received that month.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At times, cash balances may exceed federally insured limits. The Organization places its cash with creditworthy, high quality financial institutions.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates an allowance for doubtful accounts based on historical experience. As of December 31, 2023, the allowance for doubtful accounts was \$3,821.

Investments

Investments are recorded at fair value or amortized cost with unrealized gains and losses reflected in the statement of activities. As of December 31, 2023, one certificate of deposit comprised approximately 15% of total investments.

Inventory

Inventory is recorded at the lower of cost or net realizable value, less an inventory reserve. Management estimates the inventory reserve based on historical experience. As of December 31, 2023, the inventory reserve was \$0.

LONGMONT MEALS ON WHEELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, or fair value if contributed. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 3 to 40 years.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited on several bases and estimates. Salaries, benefits, and occupancy costs are allocated based on time and effort. Although the methods used of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Tax Status

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and accordingly, is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Therefore, no provision for federal income tax is recorded in the accompanying financial statements. Income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have unrelated business income subject to tax during the year ended December 31, 2023. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's ending open audit periods are December 31, 2020 and thereafter. The Organization believes it has no significant uncertain tax positions for the year ended December 31, 2023.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses were \$3,434 for the year ended December 31, 2023.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 24, 2024, which is the date the financial statements were available to be issued.

LONGMONT MEALS ON WHEELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization's financial assets available for general expenditure within one year from December 31, 2023:

Cash and cash equivalents	\$ 649,219
Accounts receivable, net	15,368
Investments	<u>1,824,512</u>
	2,489,099
Less: board designated net assets	<u>(730,575)</u>
Available for general expenditure	<u><u>\$ 1,758,524</u></u>

The Organization structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to liquidate assets other than for general expenditures budgeted during the year, these amounts could be made available if necessary.

NOTE 3 - INVESTMENTS

The Organization utilizes three levels of inputs to measure fair value (the fair value hierarchy) in accordance with financial accounting standards. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. In general, the Organization determines fair values as follows:

Level 1 - Inputs utilizing quoted market prices in active markets for identical assets and liabilities.

Level 2 - Inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves.

Level 3 - Valued using unobservable inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. There were no changes in the valuation techniques used during the year.

Following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual Funds:* Fair value based at the closing price reported on an active market.

*Certificates of Deposit:* Interest rates or yield curves or amortized cost when held to maturity.

LONGMONT MEALS ON WHEELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 3 - INVESTMENTS (CONTINUED)

*Longmont Community Foundation (LCF) Endowment Fund:* Represents the Organization's proportional share of funds held by LCF, the fair value of which is based on the market value of the underlying assets, consisting mainly of equity and fixed income securities which are valued based on quoted market prices. The fair value of investments held at LCF includes Level 1, 2, and 3; however, the Organization's pro rata share of the pooled investments is not quoted in active markets and is, therefore, classified under Level 3 in the fair value hierarchy.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the Statements of Financial Position.

The following table presents the valuation of the Organization's investments as of December 31, 2023:

	Level 1	Level 2	Level 3	Amortized Cost	Total
Mutual Funds	\$1,184,617	\$ 0	\$ 0	\$ 0	\$1,184,617
Certificates of deposit	0	0	0	639,895	639,895
LCF Endowment Fund	0	0	30,575	0	30,575
	<u>\$1,184,617</u>	<u>\$ 0</u>	<u>\$ 30,575</u>	<u>\$ 639,895</u>	<u>\$1,855,087</u>
Total investments	<u>\$1,184,617</u>	<u>\$ 0</u>	<u>\$ 30,575</u>	<u>\$ 639,895</u>	<u>\$1,855,087</u>

The composition of investment return is as follows for the year ended December 31, 2023:

Dividends and interest	\$ 21,619
Unrealized gain	<u>135,856</u>
Investment income	<u>\$ 157,475</u>

LONGMONT MEALS ON WHEELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2023:

Leasehold improvements	\$ 486,208
Kitchen equipment	6,262
Vehicles	22,058
	<hr/> 514,528
Less: Accumulated depreciation	<hr/> (208,099)
Property and equipment, net	<hr/> <hr/> \$ 306,429

NOTE 5 - BOARD DESIGNATED NET ASSETS

The Board of Directors designated net assets as follows as of December 31, 2023:

Capital expenditures reserve	\$ 200,000
Catastrophe reserve	500,000
Board designated endowment	30,575
	<hr/> 30,575
Total donor restricted net assets	<hr/> <hr/> \$ 730,575

NOTE 6 - ENDOWMENT

The LCF endowment fund was created in 2002 through contributions from the Organization. The Organization's Board of Directors designated the fund to function as an endowment.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Investment Return Objectives, Risk Parameters and Strategies*

Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The LCF shall have sole power to invest amounts held in the LCF endowment fund and are intended to be invested in a well-diversified asset mix.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

LONGMONT MEALS ON WHEELS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 6 - ENDOWMENT (CONTINUED)

*Spending Policy*

The Organization has a policy of appropriating for distribution each year up to 7% of its endowment fund's fair value, determined in accordance with LCF's valuation policies, on a quarterly basis. In the case of an emergency need, the Organization may distribute amounts in excess of this policy by three-fourths vote by the Board of Directors and three-fourths vote by the Board of Trustees of LCF. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation.

The Organization expects the current spending policy to allow its endowment funds to grow at a rate consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Changes in the endowment net assets for the year ended December 31, 2023 are as follows:

	<u>Without Donor Restriction</u>
Endowment net assets at December 31, 2022	\$ 27,263
Investment return	<u>3,312</u>
Endowment net assets at December 31, 2023	<u>\$ 30,575</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Lease Agreement

The Organization entered into a lease agreement with the City of Longmont for building space for rent of \$0. The lease expires on December 6, 2032, or upon 12 months written notice from the City of Longmont. During the year ended December 31, 2023, the Organization recognized contributed non-financial assets of \$26,872 for donated building space.

NOTE 8 - RETIREMENT PLAN

The Organization offers a defined contribution retirement plan (Plan) to full time employees after one year of continuous employment. The Organization will match up to 3% of the employee's contributions to the Plan. During the year ended December 31, 2023, the Organization contributed \$8,065 to the Plan.