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<td>7-10</td>
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Independent Auditor’s Report

Board of Directors
Meals on Wheels West
Santa Monica, California

Report on the Financial Statements

We have audited the accompanying financial statements of Meals On Wheels West, a California not-for-profit corporation (the “Organization”), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for each of the years 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 of 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the Organization as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

March 18, 2014
# MEALS ON WHEELS WEST
## STATEMENTS OF FINANCIAL POSITION
### June 30, 2013 and 2012

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$548,141</td>
<td>$287,388</td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td>-</td>
<td>207,477</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>7,048</td>
<td>19,757</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>5,812</td>
<td>12,061</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation</td>
<td>11,013</td>
<td>10,845</td>
</tr>
<tr>
<td>Security deposit</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$574,514</strong></td>
<td><strong>$540,028</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

#### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$57,453</td>
<td>$54,469</td>
</tr>
</tbody>
</table>

#### COMMITMENTS AND CONTINGENCIES

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS - UNRESTRICTED</strong></td>
<td><strong>517,061</strong></td>
<td><strong>485,559</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$574,514</strong></td>
<td><strong>$540,028</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# MEALS ON WHEELS WEST
## STATEMENTS OF ACTIVITIES
For the years ended June 30, 2013 and 2012

<table>
<thead>
<tr>
<th>CHANGES IN UNRESTRICTED NET ASSETS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted support and revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 413,844</td>
<td>$ 576,408</td>
</tr>
<tr>
<td>Government grants</td>
<td>160,098</td>
<td>148,261</td>
</tr>
<tr>
<td>Meal fees</td>
<td>115,969</td>
<td>97,348</td>
</tr>
<tr>
<td>In-kind contributed meals</td>
<td>30,138</td>
<td>18,811</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>46,388</td>
<td>49,383</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>1,399</td>
<td>1,830</td>
</tr>
<tr>
<td><strong>TOTAL UNRESTRICTED SUPPORT AND REVENUE</strong></td>
<td><strong>767,836</strong></td>
<td><strong>892,041</strong></td>
</tr>
</tbody>
</table>

## OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Operating expenses</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>464,291</td>
<td>413,536</td>
</tr>
<tr>
<td>Management and general</td>
<td>123,835</td>
<td>168,843</td>
</tr>
<tr>
<td>Fund development</td>
<td>148,208</td>
<td>148,919</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>736,334</strong></td>
<td><strong>731,298</strong></td>
</tr>
</tbody>
</table>

## CHANGES IN UNRESTRICTED NET ASSETS

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>31,502</td>
<td>160,743</td>
</tr>
</tbody>
</table>

## UNRESTRICTED NET ASSETS - BEGINNING OF YEAR

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>485,559</td>
<td>324,816</td>
</tr>
</tbody>
</table>

## UNRESTRICTED NET ASSETS - END OF YEAR

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 517,061</td>
<td>$ 485,559</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## MEALS ON WHEELS WEST

### STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended June 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>For the year ended June 30, 2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Management and General</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>$142,473</td>
<td>$69,343</td>
</tr>
<tr>
<td>Salaries</td>
<td>13,433</td>
<td>6,458</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>15,076</td>
<td>7,248</td>
</tr>
<tr>
<td>Total personnel expenses</td>
<td>170,982</td>
<td>83,049</td>
</tr>
<tr>
<td>Non-personnel expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meal costs</td>
<td>216,865</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,176</td>
<td>1,046</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,541</td>
<td>741</td>
</tr>
<tr>
<td>Telephone</td>
<td>2,768</td>
<td>1,331</td>
</tr>
<tr>
<td>Occupancy</td>
<td>21,708</td>
<td>21,707</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>9,994</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>556</td>
<td>267</td>
</tr>
<tr>
<td>Direct mail</td>
<td>28,733</td>
<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,982</td>
<td>1,434</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>7,108</td>
<td>-</td>
</tr>
<tr>
<td>Fundraising expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>8,872</td>
<td>4,266</td>
</tr>
<tr>
<td>Total non-personnel expenses</td>
<td>293,309</td>
<td>40,786</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$464,291</td>
<td>$123,835</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### MEALS ON WHEELS WEST
### STATEMENTS OF CASH FLOWS
For the years ended June 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$31,502</td>
<td>$160,743</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4,185</td>
<td>4,566</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants receivable</td>
<td>12,709</td>
<td>(1,022)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>6,249</td>
<td>(6,166)</td>
</tr>
<tr>
<td>Security deposit</td>
<td>-</td>
<td>(2,500)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>2,984</td>
<td>(5,916)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>57,629</td>
<td>149,705</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES** |            |            |
| Certificate of deposit          | 207,477    | (477)      |
| Purchase of property and equipment | (4,353)  | (749)      |
| Net cash provided by (used in) investing activities | 203,124    | (1,226)    |

| **NET CHANGE IN CASH** |            |            |
| 2013                   | 260,753    | 148,479    |
| 2012                   | 287,388    | 138,909    |

| **CASH - BEGINNING OF YEAR** |            |            |
| 2013                       | $548,141   |            |
| 2012                       | $287,388   |            |

The accompanying notes are an integral part of these financial statements.
Meals on Wheels West (the "Organization") is a California nonprofit corporation formed in April 1974. The Organization’s purpose is to nourish and enrich the lives of the home-bound by delivering healthy meals and services in the Santa Monica, Malibu, Pacific Palisades, and Topanga areas.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Property and equipment:

The Organization capitalizes all expenditures for property and equipment in excess of $500. Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to five years. Leasehold improvements are depreciated using the straight-line method over the shorter of the estimated useful life of the respective asset or the life of the lease.

Contributions:

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 when the donor-restrictions have been satisfied within the reporting period.

Donated meals and services:

The Organization records the value of donated food as support and revenue at the time of donation. No amounts have been reflected in the financial statements for the value of donated services as they do not meet the criteria for recognition as contributed services. Nevertheless, a substantial number of volunteers donated significant amounts of time performing meal deliveries for the Organization. The estimated total hours for program services for each of the years ended June 30, 2013 and 2012 were 22,000. Using an average hourly wage of $8.00, the total estimated annual value of such donated services would be approximately $176,000 for each of the years ended June 30, 2013 and 2012.

(Continued)
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional expense allocations:

Expenses that can be identified with the program or supporting services are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Income Taxes:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Since the Organization is exempt from federal and state income tax, no provision has been made for current or deferred income tax expense. Under Accounting Standards Codification (ASC) 740, Income Taxes, an organization must evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions using the guidance of ASC Topic 450, Contingencies, and has concluded that a provision for a tax liability is not necessary at June 30, 2013.

The Organization files its federal form 990 in the U.S. federal jurisdiction and the state returns with the office of the state’s attorney general for the State of California. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before fiscal year 2009.

Reclassifications:

Certain amounts in 2012 have been reclassified to conform with the 2013 financial statement presentation.

NOTE 2: CONCENTRATIONS

The Company maintains cash balances at a bank where amounts on deposit may exceed $250,000 throughout the year. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to $250,000.
NOTE 3: PROPERTY AND EQUIPMENT

As of June 30, 2013 and 2012, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office furniture and equipment</td>
<td>$34,597</td>
<td>$30,244</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>29,911</td>
<td>29,911</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(53,495)</td>
<td>(49,310)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$11,013</td>
<td>$10,845</td>
</tr>
</tbody>
</table>

NOTE 4: COMMITMENTS

The Organization has entered into a non-cancellable operating lease for its office space in Santa Monica, California, expiring in October 2015. The Organization has an option to extend the lease for two additional terms of five years each. Due to the Organization receiving free rent at the inception of the lease along with scheduled rent increases during the lease term, the total amount of rental payments are being charged to expense on the straight-line method over the lease term. The Organization has recorded a deferred rent liability to reflect the excess of rent expense over cash payments since the inception of the lease.

Future minimum lease payments at June 30, 2013 are as follows:

<table>
<thead>
<tr>
<th>Years Ending June 30,</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,000</td>
<td>26,000</td>
<td>9,000</td>
<td>61,000</td>
</tr>
</tbody>
</table>

Total rent expense for the years ended June 30, 2013 and 2012, amounted to $24,063 and $21,464, respectively.

NOTE 5: OFFICER BENEFIT PLAN

The Organization contributes to a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code for its executive director, held through the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). Contribution expense for each of the years ended June 30, 2013 and 2012 amounted to $5,400.
NOTE 6: CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although, that is a possibility, the Board deems the contingency remote, since by accepting the gifts and their terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

NOTE 7: SUBSEQUENT EVENTS

The Organization’s management has evaluated subsequent events through March 18, 2014, the date which the financial statements were available to be issued. There were no subsequent events noted that would require adjustment to or disclosure in these financial statements.