

**FINANCIAL STATEMENTS OF
NUTRITION FOR THE ELDERLY IN
TOMPKINS COUNTY, INC.
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.

TABLE OF CONTENTS

DECEMBER 31, 2019 AND 2018

Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nutrition for the Elderly in Tompkins County, Inc.
Ithaca, New York 14850

We have audited the accompanying financial statements of Nutrition for the Elderly in Tompkins County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for 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 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 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 above present fairly, in all material respects, the financial position of Nutrition for the Elderly in Tompkins County, Inc., as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Sciarabba Walker & Co. LLP". The signature is written in a cursive, flowing style.

Sciarabba Walker & Co., LLP

Ithaca, New York
May 11, 2020

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,**

ASSETS

	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	\$ 84,443	\$ 74,283
Inventory	7,818	14,675
Grants receivable	9,995	3,230
Contracts receivable	14,012	15,514
Pledges receivable, net of allowance for uncollectible amounts of \$30 and \$9 in 2019 and 2018, respectively	20,362	31,072
Prepaid expenses	19,016	18,408
TOTAL CURRENT ASSETS	155,646	157,182
BEQUEST RECEIVABLE	40,000	40,000
FIXED ASSETS , net of accumulated depreciation	337,928	354,004
INTANGIBLE ASSETS , net of accumulated amortization	11,261	15,520
TOTAL ASSETS	\$ 544,835	\$ 566,706

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 28,724	\$ 26,267
Salaries and fringe benefits payable	19,173	15,906
Other current liabilities	24,826	21,955
Line of credit	60,000	60,000
Current portion of capital lease	24,224	23,792
TOTAL CURRENT LIABILITIES	156,947	147,920
CAPITAL LEASE OBLIGATIONS , net of current portion	-	23,962
NET ASSETS:		
Without donor restrictions	298,950	328,577
With donor restrictions	88,938	66,247
TOTAL NET ASSETS	387,888	394,824
TOTAL LIABILITIES AND NET ASSETS	\$ 544,835	\$ 566,706

See accompanying notes.

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31,**

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT, REVENUE, AND OTHER SUPPORT:		
IIC grant	\$ 445,563	\$ 442,509
WIN grant	231,082	231,082
Federal NSIP	114,891	105,298
CSE grant	70,414	58,629
Local funding	13,300	13,300
Participant contributions	180,145	186,512
Participant contract revenue	41,960	25,693
Donations and gifts	145,255	186,914
In-kind donations	30,928	-
Miscellaneous	6,594	4,615
Loss on disposal of fixed assets	-	(429)
Interest and dividends	111	104
TOTAL SUPPORT, REVENUE AND OTHER SUPPORT	1,280,243	1,254,227
NET ASSETS RELEASED FROM RESTRICTIONS	93,014	86,073
EXPENSES:		
Operating expenses	1,347,485	1,284,187
Interest expense	2,327	2,369
Depreciation	48,814	42,864
Amortization	4,258	3,572
TOTAL EXPENSES	1,402,884	1,332,992
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(29,627)	7,308
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
SUPPORT, REVENUE AND OTHER SUPPORT:		
Grants	107,405	45,485
Contributions received	8,300	19,577
TOTAL SUPPORT, REVENUE AND OTHER SUPPORT	115,705	65,062
NET ASSETS RELEASED FROM RESTRICTIONS	(93,014)	(86,073)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	22,691	(21,011)
CHANGE IN NET ASSETS	(6,936)	(13,703)
NET ASSETS, beginning of year	394,824	408,527
NET ASSETS, end of year	\$ 387,888	\$ 394,824

See accompanying notes.

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services			
	IIC C-1	IIC C-2	WIN	Foodnet Select
Wages	\$ 85,772	\$ 187,669	\$ 152,603	\$ 48,761
Fringe benefits	8,713	37,326	30,547	9,618
Meal delivery travel	6,801	15,110	21,135	5,049
Rent	625	-	-	-
Utilities	1,530	4,448	3,772	1,163
Building and grounds maintenance	1,076	3,127	2,652	817
Food	33,563	82,982	83,979	43,093
Insurance	1,423	4,887	3,507	1,080
Telephone	784	610	509	156
Internet	79	230	195	60
Postage	148	440	372	114
Printing	167	487	412	127
Disposables	3,476	18,906	16,110	5,001
Kitchen supplies	111	263	223	70
Office supplies	793	2,091	1,763	653
Laundry	241	698	592	183
Payroll services	-	-	-	-
Advertising and outreach	-	-	-	-
Repairs and maintenance	758	2,201	1,868	576
Audit	-	-	-	-
Bookkeeping	-	-	-	-
Registration	338	985	836	257
Computer software/web design	9	25	22	7
Bad debt expense	-	-	-	2,800
Miscellaneous	41	103	87	28
TOTALS	\$ 146,448	\$ 362,588	\$ 321,184	\$ 119,613

See accompanying notes.

CSE	Donations	Total Program Services	Fundraising Expenses	Supporting Services	Total
\$ 40,764	\$ 1,594	\$ 517,163	\$ 1,500	\$ 188,580	\$ 707,243
7,901	-	94,105	-	47,038	141,143
2,874	2,273	53,242	-	-	53,242
-	12,400	13,025	-	-	13,025
949	-	11,862	-	-	11,862
667	-	8,339	-	-	8,339
12,525	11,535	267,677	-	-	267,677
129	-	11,026	-	-	11,026
128	3,934	6,121	-	680	6,801
49	1,417	2,030	-	-	2,030
94	535	1,703	-	189	1,892
104	-	1,297	-	-	1,297
4,075	-	47,568	1,166	-	48,734
56	-	723	1,177	-	1,900
443	461	6,204	2,206	935	9,345
149	21	1,884	270	-	2,154
-	-	-	-	4,810	4,810
-	5,511	5,511	12,300	-	17,811
759	289	6,451	-	-	6,451
-	-	-	-	7,185	7,185
-	280	280	-	-	280
210	5,545	8,171	-	-	8,171
433	4,219	4,715	-	-	4,715
-	-	2,800	-	-	2,800
1,070	5,442	6,771	-	781	7,552
<u>\$ 73,379</u>	<u>\$ 55,456</u>	<u>\$ 1,078,668</u>	<u>\$ 18,619</u>	<u>\$ 250,198</u>	<u>\$ 1,347,485</u>

**NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services			
	IIC C-1	IIC C-2	WIN	Foodnet Select
Wages	\$ 81,579	\$ 185,557	\$ 150,740	\$ 48,271
Fringe benefits	10,318	41,643	33,846	11,386
Meal delivery travel	6,489	16,380	13,828	4,562
Rent	625	-	-	-
Utilities	1,864	4,706	3,972	1,311
Building and grounds maintenance	1,172	2,959	2,497	824
Food	36,354	101,819	63,773	48,740
Subcontractors	4,030	-	-	-
Insurance	1,219	3,079	2,598	858
Telephone	977	1,033	867	289
Internet	-	-	-	-
Postage	113	285	240	79
Printing	156	394	333	110
Disposables	3,828	16,701	14,164	4,693
Kitchen supplies	867	300	255	84
Office supplies	926	2,308	1,941	645
Laundry	264	663	562	185
Payroll services	-	-	-	-
Advertising and outreach	1	2	2	1
Repairs and maintenance	1,067	2,747	2,320	766
Audit	-	-	-	-
Bookkeeping	-	-	-	-
Registration	555	1,442	1,181	390
Computer software/web design	-	-	-	-
Miscellaneous	162	60	49	16
TOTALS	\$ 152,566	\$ 382,078	\$ 293,168	\$ 123,210

See accompanying notes.

CSE	Donations	Total Program Services	Fundraising Expenses	Supporting Services	Total
\$ 38,228	\$ 1,390	\$ 505,765	\$ 1,500	\$ 175,408	\$ 682,673
8,548	-	105,741	-	38,731	144,472
3,493	1,823	46,575	-	-	46,575
-	-	625	-	-	625
1,003	-	12,856	-	-	12,856
630	1,395	9,477	-	-	9,477
18,693	1,010	270,389	-	-	270,389
-	-	4,030	-	-	4,030
656	-	8,410	-	-	8,410
218	311	3,695	-	411	4,106
-	1,362	1,362	-	-	1,362
61	459	1,237	-	137	1,374
84	-	1,077	75	-	1,152
3,594	-	42,980	-	-	42,980
65	248	1,819	190	-	2,009
491	600	6,911	-	768	7,679
142	-	1,816	78	-	1,894
-	-	-	-	4,852	4,852
1	3,304	3,311	440	-	3,751
586	1,510	8,996	-	-	8,996
-	-	-	-	7,000	7,000
-	-	-	-	115	115
252	3,888	7,708	-	-	7,708
-	3,389	3,389	-	-	3,389
12	4,874	5,173	29	1,111	6,313
<u>\$ 76,757</u>	<u>\$ 25,563</u>	<u>\$ 1,053,342</u>	<u>\$ 2,312</u>	<u>\$ 228,533</u>	<u>\$ 1,284,187</u>

NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (6,936)	\$ (13,703)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	48,814	42,864
Amortization expense	4,258	3,572
Interest expense from bond costs	262	262
Loss on disposal of fixed assets	-	429
Changes in inventory	6,857	(5,625)
Changes in grants receivable	(6,765)	479
Changes in contracts receivable	1,502	(306)
Changes in pledges receivable, net	10,710	(13,979)
Changes in prepaid expenses	(608)	(2,654)
Changes in accounts payable	2,457	(1,002)
Changes in salaries and fringe benefits payable	3,267	690
Changes in other current liabilities	2,871	(5,990)
Total adjustments	73,625	18,740
NET CASH PROVIDED BY OPERATING ACTIVITIES	66,689	5,037
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capitalized assets	(32,737)	(81,792)
Proceeds from sale of capitalized assets	-	27,626
NET CASH USED IN INVESTING ACTIVITIES	(32,737)	(54,166)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	(23,792)	(22,943)
Proceeds from line of credit	60,000	60,000
Principal payments on line of credit	(60,000)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(23,792)	37,057
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,160	(12,072)
CASH AND CASH EQUIVALENTS, beginning of year	74,283	86,355
CASH AND CASH EQUIVALENTS, end of year	\$ 84,443	\$ 74,283
SUPPLEMENTAL INFORMATION ON CASH FLOWS:		
Cash paid during the year for:		
Interest	\$ 2,382	\$ 2,413
Taxes	-	-

See accompanying notes.

NUTRITION FOR THE ELDERLY IN TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018,

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization: The Organization (known as "Foodnet" and "Foodnet Meals on Wheels") is a private, not-for-profit corporation created to help the elderly remain in independent living as long as possible and appropriate through maintenance of a healthy diet, provision of opportunities for socialization, and referrals to other services as needed. Components include: meals served in dining rooms at various community sites, delivery of meals to individuals throughout Tompkins County, as well as nutrition counseling. The Organization began operations in January 1987.

Accounting Method: The Organization's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Income Taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization accounts for income taxes in accordance with FASB Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740-10 clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements.

Cash and Cash Equivalents: For cash flow reporting purposes, cash and cash equivalents consist of cash, checking accounts, and certificates of deposit.

Fixed Assets and Intangibles: Vehicles, equipment, leasehold improvements, land, building, and intangible assets are stated at cost if purchased or fair value if donated. Depreciation and amortization is provided over the estimated useful lives of 3 to 40 years by the straight-line method. Repairs and maintenance are expensed while major betterments having a cost basis exceeding \$2,500 and greater than one-year service life are capitalized.

Estimates and Assumptions: Management of the Organization uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Presentation: The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions: Contributions received are recorded as support with donor restrictions or support without donor restrictions depending on the existence or nature of any donor restrictions. Generally, contributions received, including unconditional promises to give, are recognized as revenue in the same period received at their fair values.

Revenue Recognition: On January 1, 2019, the Organization adopted, on a modified retrospective basis, FASB's Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers. This revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing home delivered meals, congregate meals and/or nutrition services to customers based on agreements with third-party payors (private health insurers). The Organization does not recognize revenue in cases where collectability is not probable and defers the recognition until collection becomes probable or when payment is received.

The Organization recognizes revenue when its performance obligation is satisfied by the transfer of service to the customer. The transfer is deemed to occur when the customer obtains control of the service (i.e. receives the meal and/or nutrition service). Control refers to the ability to direct the use of and obtain substantially all of the benefits from the service. The Organization recognizes revenue at the point in time each performance obligation is satisfied.

Practical Expedients: Incremental costs of obtaining a contract are capitalized if the contract is for a period of more than one year. If a contract's period is less than one year, the costs are expensed when incurred.

Additionally, no adjustment is made for the effects of a significant financing component as the period between the time of service and the time of payment is typically less than one year.

Functional Expenses: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program services are allocated based on a percentage of total meals projected to be served in each program. 100% of payroll service, audit and bookkeeping are allocated to supporting services, while 10% of postage, telephone and office supplies are allocated to supporting services. Expenses incurred for fundraising are 100% allocated to either the Annual Fund or Capital Fund accounts. The Organization allocates salaries and benefits on the basis of estimated time and effort.

B. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT:

As discussed in Note A, on January 1, 2019, the Organization adopted Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, using the modified retrospective basis as applied to customer contracts that were not completed as of January 1, 2019. As a result, financial information for reporting periods beginning on or after January 1, 2019, is presented in accordance with ASC 606. Comparative financial information for reporting periods beginning prior to January 1, 2019, has not been adjusted and continues to be reported in accordance with the Organization's revenue recognition policies prior to the adoption of ASC 606. The Organization did not record a cumulative adjustment related to the adoption of ASC 606 as the effects of adoption were not significant. Certain amounts in the prior year financial statements have been

reclassified for comparative purposes to conform with the presentation in the current year financial statements.

On January 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The update also provides additional guidance about how to determine whether a contribution is conditional. The amendments within this update should be applied on a modified prospective basis. Management has evaluated the impact of this update and has determined that no changes to its current revenue recognition policies and procedures are necessary. Consequently, there is no impact on the current year financial statement line items presented.

C. REVENUE FROM CONTRACTS WITH CUSTOMERS:

Performance Obligations

The Organization enters into contracts with its customers to provide home delivered meals, congregate meals, and/or nutrition services. The rate charged for each type of service is fixed and determined based on agreements with private health insurers. The insurers are invoiced at the end of each month of service. Amounts billed and due from insurers are classified as receivables on the statements of financial position. The Organization is not obligated to provide refunds for unused goods or services at the end of the month.

Disaggregation of Revenues

Participant contract revenue consists of revenue from delivered meals and is recognized at a point in time.

Contract Balances

The following table presents the beginning and ending balances from contracts with customers:

	<u>2019</u>	<u>2018</u>
Contracts receivable, net, as of January 1	\$ 15,514	\$ 15,208
Contracts receivable, net, as of December 31	14,012	15,514

Receivables represent the Organization's unconditional rights to such consideration.

D. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

	<u>2019</u>	<u>2018</u>
Total current assets	\$ 155,646	\$ 157,182
Less:		
Inventory	7,818	14,675
Prepaid expenses	<u>19,016</u>	<u>18,408</u>
Financial assets	128,812	124,099
Less: those unavailable for general expenditures within one year, due to:		
Contributions restricted for capital expenditures	<u>23,138</u>	<u>9,397</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 105,674</u>	<u>\$ 114,702</u>

The Organization has \$105,674 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. None of this amount is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The portion of receivables that are subject to implied time restrictions are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash on hand, to meet 30 days of normal operating expenses, which are, on average, approximately \$108,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a line of credit in the amount of \$60,000, which it can draw upon in the event of an unanticipated liquidity need.

E. DONATED GOODS AND SERVICES:

Donated materials, baked goods, food, or services are recorded as in-kind contributions when received. The amounts recorded in the financial statements are based on estimates of the fair market value of the contribution by the donor. During 2019, the Organization began tracking and recording in-kind contributions and expenses. Donated goods and services amounted to \$18,528 for the year ended December 31, 2019.

Educational institutions provide interns for various projects. These types of donations were received in both 2019 and 2018. No dollar value has been determined for these contributions due to the difficulty of assigning fair market value to them.

F. INVENTORY:

Inventory is valued at cost and consisted of food and supplies on hand at December 31,

	2019	2018
Food	\$ 4,243	\$ 11,203
Kitchen and office supplies	333	386
Disposables	3,242	3,086
	<u>\$ 7,818</u>	<u>\$ 14,675</u>

G. PROMISES TO GIVE:

As of December 31, 2019 and 2018, unconditional promises to give due in less than one year totaled \$20,362 and \$31,072, net of allowance for uncollectible amounts of \$30 and \$9, respectively. There are no unconditional promises to give due in more than one year. The Organization had no conditional promises as of December 31, 2019 and 2018.

H. BEQUEST RECEIVABLE:

The Organization is a beneficiary in a trust and due to receive \$40,000 at the date of death of the bequeathor. Bequest receivable is the amount to be received upon death of the bequeathor.

I. FIXED ASSETS AND INTANGIBLES:

The Organization's fixed assets consisted of the following at December 31,

	2019	2018
Land	\$ 30,000	\$ 30,000
Building	270,000	270,000
Leasehold improvements	217,289	217,289
Vehicles	239,529	218,376
Equipment	162,032	150,624
	<u>918,850</u>	<u>886,289</u>
Less: accumulated depreciation	580,922	532,285
	<u>\$ 337,928</u>	<u>\$ 354,004</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$48,814 and \$42,864, respectively.

Title to equipment purchased with grant monies, administered by Tompkins County Office of the Aging, would be transferred to Tompkins County if the programs should cease to exist or are passed on to another organization in the future. Title to equipment donated to the Organization purchased from donated funds would remain with the Organization.

At December 31, 2019, the Organization owned eleven vehicles which are available for meal deliveries.

The Organization's intangible assets consisted of the following at December 31,

	<u>2019</u>	<u>2018</u>
Website design	\$ 11,000	\$ 11,000
Software costs	<u>10,292</u>	<u>10,292</u>
	21,292	21,292
Less: accumulated amortization	<u>10,031</u>	<u>5,772</u>
	<u><u>\$ 11,261</u></u>	<u><u>\$ 15,520</u></u>

The amortization expense for website design was \$2,200 for the years ended December 31, 2019 and 2018.

During 2017 and 2018, the Organization incurred costs of acquiring software for their client database. The total costs incurred as of December 31, 2017 was \$5,797, and the costs were capitalized. The Organization incurred additional costs of \$4,495 in 2018. When the software was implemented in May 2018, it started being amortized. The amortization expense was \$2,058 and \$1,372 for the years ended December 31, 2019 and 2018, respectively.

J. LINE OF CREDIT:

The Organization has a \$60,000 line of credit with Tompkins Trust Company. The bank line of credit bears interest at prime plus 2% (6.75% and 7.50% at December 31, 2019 and 2018, respectively). As of December 31, 2019 and 2018, the balance was \$60,000.

K. LEASE AGREEMENTS:

In May 2004, the Organization entered into a capital lease agreement for the North Triphammer Road property with Tompkins County. The term of the lease is twenty years, commencing May 1, 2004 and ending April 30, 2023, with an option to purchase the building for \$1 plus the redemption of all outstanding bonds issued by the County to finance the purchase. Included in the bond was \$24,770 to be set aside for property repairs and improvements. The Organization received these funds in 2005. The principal payment is made annually on March 1st, and interest payments are made semi-annually on March 1st and September 1st. The Organization is responsible for all insurance and property taxes. In 2006, the Organization made additional principal payments and accelerated the payoff date to March 1, 2020.

	<u>2019</u>	<u>2018</u>
Capital lease obligation for land and building, principal payable annually and interest payable semi-annually through March 2020 including interest at 3.375 - 4.00%.	\$ 25,067	\$ 48,859
Less: unamortized bond costs	<u>843</u>	<u>1,105</u>
Long-term capital lease, less unamortized debt issuance cost	24,224	47,754
Less: current portion, net unamortized bond costs	<u>24,224</u>	<u>23,792</u>
Non-current portion	<u>\$ -</u>	<u>\$ 23,962</u>

Future estimated minimum lease payments as of December 31, 2019 are:

2020	\$ 25,067
Less: amount representing interest	<u>501</u>
	<u>\$ 24,566</u>

Bond costs of \$5,230 were incurred as a part of the lease for the purchase of the land and building and are expensed over the term of the lease of twenty years. Amortization expense, which is included in interest expense, for 2019 and 2018 was \$262.

The Organization has entered into the following operating lease agreements to provide meals for on-site locations:

1. Village of Groton Housing Authority - the Organization is responsible for utilities at a cost of approximately \$625 annually. The lease has been renewed until December 2020.
2. Ithaca Housing Authority - The Housing Authority contributes the rental space at a fair market value of \$340 per month. This lease has been renewed until December 2020.
3. YMCA of Ithaca - An in-kind contribution for the rental of the meal distribution location is provided to the Organization. This lease ends in November 2020, with an option to renew.

During 2019, the Organization began tracking and recording in-kind contributions and expenses. Total rental expense was \$13,025 and \$625 for 2019 and 2018, respectively.

L. OTHER COMMITMENTS:

Seneca County Office for the Aging (SCOFA) - The Organization had a subcontract agreement with SCOFA to provide the nutrition site and personnel for meal distribution in Trumansburg. The contract ended in December 2018 and was not renewed.

The Organization was responsible for reimbursing SCOFA for the meals served to Tompkins County residents at a rate of \$5.70 per meal.

M. RESTRICTED NET ASSETS:

Net assets with donor restrictions comprised of the following as of December 31,

	<u>2019</u>	<u>2018</u>
Subject to expenditure for program services and equipment:		
ServTracker database software	\$ -	\$ 883
Weekend and holiday meals	1,000	-
Staff development	1,000	-
Technology upgrades, new workstations, access to virtual trainings	23,138	206
New phone system	-	8,308
Subject to the passage of time:		
Contributions to be used for subsequent year's activities	23,800	16,850
Bequest to be received at date of death of the bequeathor to be used for programs	40,000	40,000
Total net assets with donor restrictions	<u>\$ 88,938</u>	<u>\$ 66,247</u>

N. PENSION PLAN:

The Organization allows employees to participate in a tax-deferred annuity plan. Employees are eligible upon commencement of employment and may contribute a percentage of their salary up to \$18,000 and also contribute a catch-up maximum of \$6,000. The Organization does not match employee contributions nor contribute any other amounts to the plan.

O. CONCENTRATIONS:

The Organization received 61.7% and 63.5% of its funding from Tompkins County Office of Aging during the years ended December 31, 2019 and 2018, respectively.

P. ADVERTISING COSTS:

Advertising costs are expensed as incurred. For the years ended December 31, 2019 and 2018, advertising expense was \$17,811 and \$3,751, respectively.

Q. FAIR VALUE MEASUREMENTS:

Accounting Standards Code 820 established a three-tier hierarchy for fair value measurements, which prioritizes the inputs used in measuring fair value as follows.

- Level 1 - Observable inputs such as quoted prices for identical instruments in active markets.
- Level 2 - Inputs other than quoted prices in active markets that are observable either directly or indirectly through corroboration with observable market data.
- Level 3 - Unobservable inputs in which there is little or no market data, which would require the Organization to develop its own assumptions.

As of December 31, 2019 and 2018, the Organization held certain assets that were measured at fair value on a recurring basis. The fair value of investments is obtained from readily available market prices. The following table presents the Organization’s financial assets measured at fair value on a recurring basis as of:

		December 31, 2019			
ASSETS:		Total	Level 1	Level 2	Level 3
	Beneficial interest in trusts	\$ 40,000	\$ -	\$ -	\$ 40,000

		December 31, 2018			
ASSETS:		Total	Level 1	Level 2	Level 3
	Beneficial interest in trusts	\$ 40,000	\$ -	\$ -	\$ 40,000

R. SUBSEQUENT EVENTS:

Subsequent events were evaluated through May 11, 2020, which is the date the financial statements were available to be issued. In December 2019, a novel strain of the coronavirus was reported to have surfaced in China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” New York State Empire State Development has defined the Organization as an “Essential Business.” The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization’s clients, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization’s financial condition or results of operations is uncertain.