

**ALBUQUERQUE MEALS ON WHEELS, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE**  
**TOTALS FOR 2008**

**HINKLE & LANDERS, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

**ALBUQUERQUE MEALS ON WHEELS, INC.  
BOARD OF DIRECTORS  
AS OF DECEMBER 31, 2009**

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**Hinkle & Landers, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Albuquerque Meals on Wheels, Inc.  
Albuquerque, New Mexico

We have audited the accompanying statement of financial position for Albuquerque Meals on Wheels, Inc. (a nonprofit organization) as of December 31, 2009, and the related statements of activities, cash flows and functional expenses for the years 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. The prior year summarized comparative information has been derived from Albuquerque Meals on Wheels, Inc. December 31, 2008 financial statements from our report dated July 24, 2009, on which we expressed an unqualified opinion.

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 provides 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 Albuquerque Meals on Wheels, Inc. as of December 31, 2009, its activities, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Hinkle & Landers, P.C.*

Hinkle & Landers, P.C.  
Albuquerque, New Mexico  
August 11, 2010

**ALBUQUERQUE MEALS ON WHEELS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
As of December 31, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 131,665	50,224
Receivables, net of allowance for doubtful accounts of \$6,290 - Note L	46,742	42,241
Total Current Assets	178,407	92,465
Investments - Note E		
Cash, savings and certificates of deposit	34,916	34,252
Beneficial interest in assets held by Albuquerque Community Foundation - Note I	27,232	-
Investments - mutual funds, stocks and U.S. Treasury assets	116,943	117,308
Total Investments	179,091	151,560
<b>PROPERTY, PLANT AND EQUIPMENT - Note A-6</b>		
Equipment	106,633	108,242
Less accumulated depreciation	(91,033)	(84,667)
Total Property, Plant and Equipment	15,600	23,575
<b>TOTAL ASSETS</b>	<b>\$ 373,098</b>	<b>267,600</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 18,376	8,899
Payroll taxes payable	5,871	4,963
Accrued vacation	7,854	11,417
Total Current Liabilities	32,101	25,279
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	147,039	77,891
Designated for endowment fund	101,880	74,821
Total Unrestricted	248,919	152,712
Temporarily restricted - Note F	47,395	44,926
Permanently restricted - Note G	44,683	44,683
Total Net Assets	340,997	242,321
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 373,098</b>	<b>267,600</b>

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

**ALBUQUERQUE MEALS ON MEALS**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2009 and 2008

	2009			2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>					
Contributions	\$ 25,079	60,265	-	85,344	126,711
Fundraising	25,756	-	-	25,756	27,892
Program participation fees	648,618	-	-	648,618	552,106
Catering and deli income	149,688	-	-	149,688	108,136
In-kind donations - Note A-5	767,980	-	-	767,980	682,635
Interest and dividends	4,553	-	-	4,553	5,602
Unrealized investment gain (loss) - Note E	24,886	-	-	24,886	(44,065)
Net assets released from restrictions:					
Satisfaction of program restrictions	57,796	(57,796)	-	-	-
	<u>1,704,356</u>	<u>2,469</u>	<u>-</u>	<u>1,706,825</u>	<u>1,459,017</u>
<b>EXPENSES</b>					
Programs	1,322,960	-	-	1,322,960	1,267,603
Deli expense	141,345	-	-	141,345	113,146
General and administrative	142,076	-	-	142,076	149,076
Fundraising	1,768	-	-	1,768	11,841
	<u>1,608,149</u>	<u>-</u>	<u>-</u>	<u>1,608,149</u>	<u>1,541,666</u>
Change in net assets	96,207	2,469	-	98,676	(82,649)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	152,712	44,926	44,683	242,321	332,444
<b>RESTATEMENT</b>	-	-	-	-	(7,474)
<b>NET ASSETS-BEGINNING, RESTATED</b>	<u>152,712</u>	<u>44,926</u>	<u>44,683</u>	<u>242,321</u>	<u>324,970</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 248,919</u>	<u>47,395</u>	<u>44,683</u>	<u>340,997</u>	<u>242,321</u>

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

**ALBUQUERQUE MEALS ON WHEELS**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Contributions and fundraising	\$ 242,615	154,603
Program participation fees	514,358	548,590
Catering and deli	147,931	108,136
Interest and dividend income	4,553	5,602
	909,457	816,931
Cash paid to suppliers and employees	(821,439)	(831,123)
Interest paid	-	(430)
<b>Net cash flows from operating activities</b>	<b>88,018</b>	<b>(14,622)</b>
 <b>Cash flows from investing activities:</b>		
Investments sold	25,000	20,000
Investments purchased	(27,644)	(7,086)
Acquisition of fixed assets	(3,933)	(4,870)
	(6,577)	8,044
 <b>Net increase (decrease) in cash</b>	<b>81,441</b>	<b>(6,578)</b>
<b>Cash balances:</b>		
At beginning of year	50,224	56,802
At end of year	\$ 131,665	50,224
 <b>Reconciliation of excess (deficiency) of revenue over expenses to net cash flow from operating activities:</b>		
Revenue over (under) expenses	\$ 98,676	(82,649)
Adjustments:		
Depreciation	11,907	11,121
Realized and unrealized investment (gain) loss	(24,886)	44,065
(Increase) decrease in accounts receivable	(4,501)	1,579
Increase (decrease) in accounts payable	9,477	8,314
Increase (decrease) in unpaid payroll taxes	908	2,359
Increase (decrease) in accrued vacation	(3,563)	589
	\$ 88,018	(14,622)
 <b>Supplemental data for non-cash operating activities:</b>		
In-kind contributions	\$ 767,980	682,635

**The accompanying notes are an integral part of the financial statements.**

**ALBUQUERQUE MEALS ON WHEELS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2009**

	2009				
	Program	Deli Expense	General and Administrative	Fund- raising	Total
Accounting	\$ -	-	11,736	-	11,736
Annual meeting	-	-	-	-	-
Bad debt expense	687	-	-	-	687
Bank charges	-	-	5,436	-	5,436
Salaries	205,701	62,756	76,626	-	345,083
Consulting	2,824	1,068	460	-	4,352
Copier expense	11,621	-	4,980	-	16,601
Insurance	15,728	3,071	3,538	-	22,337
Investment expense	0	-	1,907	-	1,907
Kitchen expense	272,101	66,088	-	-	338,189
Licenses and dues	100	200	1,493	-	1,793
Interest	-	-	0	-	-
Maintenance	5,514	840	2,398	-	8,752
Marketing	4,675	-	-	-	4,675
Office supplies	2,925	-	4,386	-	7,311
Other	786	-	523	-	1,309
Payroll taxes	15,545	4,789	7,119	-	27,453
Pet program expense	0	-	-	-	-
Printing and postage	562	-	141	-	703
Employee medical	7,791	2,533	5,261	-	15,585
Staff development	4,293	-	-	-	4,293
Fundraising expense	-	-	-	1,768	1,768
Volunteer expense	2,885	-	-	-	2,885
Vehicle maintenance	5,407	-	-	-	5,407
Depreciation expense	8,335	-	3,572	-	11,907
	<u>567,480</u>	<u>141,345</u>	<u>129,576</u>	<u>1,768</u>	<u>840,169</u>
In-kind expenses	755,480	-	12,500	-	767,980
	<u>\$ 1,322,960</u>	<u>141,345</u>	<u>142,076</u>	<u>1,768</u>	<u>1,608,149</u>
	82.27%	8.78%	8.84%	0.11%	100.00%

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

**ALBUQUERQUE MEALS ON WHEELS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2008

2008					
	<u>Program</u>	<u>Deli Expense</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
Accounting	\$ -	-	10,715	-	10,715
Annual meeting	1,195	-	-	-	1,195
Bad debt expense	5,095	-	-	-	5,095
Bank charges	-	-	3,471	-	3,471
Salaries	195,007	54,845	90,443	-	340,295
Consulting	-	625	-	2,244	2,869
Copier expense	10,460	-	4,483	-	14,943
Insurance	31,819	-	4,248	-	36,067
Investment expense	-	-	2,268	-	2,268
Kitchen expense	293,250	47,900	-	-	341,150
Licenses and dues	100	100	1,410	-	1,610
Interest	-	-	430	-	430
Maintenance	5,954	441	2,552	-	8,947
Marketing	4,083	-	-	-	4,083
Office supplies	2,625	-	4,082	-	6,707
Other	11	-	-	-	11
Payroll taxes	14,661	4,161	6,976	-	25,798
Pet program expense	234	-	-	-	234
Printing and postage	446	-	-	-	446
Employee medical	9,388	3,282	2,542	-	15,212
Staff development	6,622	-	-	-	6,622
Fundraising expense	-	-	-	9,597	9,597
Volunteer expense	2,317	-	-	-	2,317
Vehicle maintenance	7,828	-	-	-	7,828
Depreciation expense	6,373	1,792	2,956	-	11,121
	<u>597,468</u>	<u>113,146</u>	<u>136,576</u>	<u>11,841</u>	<u>859,031</u>
In-kind expenses	<u>670,135</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>682,635</u>
	<u>\$ 1,267,603</u>	<u>113,146</u>	<u>149,076</u>	<u>11,841</u>	<u>1,541,666</u>
	82.22%	7.33%	9.68%	0.77%	100.00%

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

**ALBUQUERQUE MEALS ON WHEELS, INC.**  
**NOTES TO AUDITED FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2009 and 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Nature of Activities:**

Albuquerque Meals on Wheels, Inc. (the Organization) is a nonprofit corporation incorporated to provide and deliver nutritious meals to homebound handicapped and senior citizens without age restrictions and provide contact with these people to help ensure that their dietary health and other needs are met.

**2. Basis of Accounting:**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**3. Revenue:**

The Organization receives most of its revenue from program participation fees and contributions. This program participation fees are recorded as revenue when received. Contributions are recorded when received and recorded as unrestricted, temporarily restricted or permanently restricted.

**4. Financial Statement Presentation and Contributions:**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Albuquerque Meals on Wheels, Inc. has received contributions with donor-imposed restrictions that resulted in temporarily or permanently restricted net assets. These are reflected under net assets on the statement of financial position.

**5. Donated Services and Facilities:**

Contributions of donated services that would typically need to be purchased if not provided by donation, are recorded at their fair market value in the period received. Contributions of kitchen and office space are recorded at their fair market value. In-kind donations for the years ended December 31, 2009 and 2008 were \$767,980 and \$682,635.

**NOTES TO AUDITED FINANCIAL STATEMENTS - Continued**

**6. Furniture and Equipment:**

Purchased property and equipment are stated at cost. Donated property and equipment are recorded as fair market value at the time of the donation. The Organization capitalizes expenditures \$500 and greater. Repairs and maintenance are expensed when incurred. Depreciation or amortization is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

		<u>2009</u>	Book	<u>2008</u>	Book
	<u>Years</u>	<u>Depreciation</u>	<u>Value</u>	<u>Depreciation</u>	<u>Value</u>
Equipment	5-7	\$ 7,773	15,600	6,987	19,441
Vehicles	5	<u>4,134</u>	--	<u>4,134</u>	<u>4,134</u>
		\$ <u>11,907</u>	<u>15,600</u>	<u>11,121</u>	<u>23,575</u>

**7. Impairment Of Long-Lived Assets**

The Organization accounts for long-lived assets in accordance with the provisions of SFAS No. 144, *Accounting for the Impairment of Long-Lived Assets*. SFAS No. 144 requires that long-lived assets be reviewed for the impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

**8. Cash Flow Information:**

The Organization considers all investments not in endowment funds with an original maturity of three months or less to be cash and cash equivalents.

**9. Fair value measurements**

SFAS No. 157 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. Issued in February 2008, FASB Staff Position No. 157-1, Application of FASB Statement No. 157 to *FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value*

## NOTES TO AUDITED FINANCIAL STATEMENTS - Continued

*Measurements for Purposes of Lease Classification or Measurement under Statement 13*, removed leasing transactions accounted for under Statement No. 13 and related guidance from the scope of SFAS No. 157. FASB Staff Position No. 157-2, Partial Deferral of the Effective Date of Statement No. 157, deferred the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. The Organization is still assessing the impact of SFAS No. 157 on their nonfinancial assets.

The Organization adopted SFAS No. 157 as of August 1, 2008 for financial assets and financial liabilities subject to fair value measurement on a recurring basis. There was no material impact on the Organization's consolidated financial statements for the adoption of this standard.

SFAS No. 157 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. SFAS No. 157 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The following table summarizes the valuation of the Organization's financial instruments by the above SFAS No. 157 categories as of December 31, 2009:

		<u>Total</u>	<u>Unadjusted Quoted Market Prices (Level 1)</u>
Cash and cash equivalents	\$	56,696	56,696
Restricted cash		74,969	74,969
Investments		134,408	134,408
Restricted investments	\$	44,683	44,683

The financial instruments above were valued utilizing quoted market prices. The School currently has no other financial instruments subject to fair value measurements on a recurring basis.

## NOTES TO AUDITED FINANCIAL STATEMENTS - Continued

### 9. Income Taxes:

Albuquerque Meals on Wheels, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Albuquerque Meals on Wheels, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

In June 2006, FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 was originally effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109. In December 2008, the FASB issued FASB Staff Position No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises* ("FSP FIN 48-3") which extended the period of adoption of FIN 48 to fiscal years beginning after December 15, 2008. The Organization has elected to defer the application of FIN 48 in accordance with FSP FIN 48-3. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

### 10. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates.

### NOTE B – PROGRAM SERVICES

Program services include preparation and delivery of nutritious meals. There are no restrictions on age or disability to be a part of the program. Clients may or may not be homebound while needing services. Services may be needed for as little as two weeks during a recuperation or can be long-term depending upon medical necessity. The program is currently the only home delivered meal program in the greater Albuquerque area preparing special medical diets. The program prepares diet specific meals for a variety of therapeutic reasons, including diabetic, renal failure, heart issues, swallowing, vegetarian, and chewing issues. Meals are delivered to clients by volunteers. This also provides social contact to clients along with a safety and well being check on them each day. The Organization received \$517,102 in participation fees in 2009 and \$552,106 in 2008. Subsidized meals for clients requiring therapeutic diets (Low Income Medical Meal Program) were provided to clients at no charge. These meals were subsidized by grants and donations. The organization served a total of 119,702 meals in 2009 and 126,503 in 2008.

**NOTES TO AUDITED FINANCIAL STATEMENTS - Continued**

**NOTE C – FUNDRAISING**

The Organization received \$25,756 from fundraising efforts and total related costs were \$1,768 in 2009 and \$27,892 in 2008 with related costs of \$9,597.

**NOTE D – ENDOWMENT FUNDS**

In a prior year, the directors designated \$50,000 towards an endowment fund. The transfer is revocable and thus the funds are unrestricted. \$45,619 of interest and dividends earned on investments in the endowment fund can be transferred to the operating account with certain limitations. There were no restricted contributions given to the endowment fund during the year.

**NOTE E – INVESTMENTS**

Investments are presented in the financial statements in the aggregate at market. Investments are composed of the following:

	<u>2009</u> <u>Market Value</u>	<u>2008</u> <u>Market Value</u>
Money Market fund and certificates of deposit	\$ 34,916	\$ 34,252
Beneficial interest held in Albuquerque Community Foundation	27,232	--
Mutual funds	<u>116,943</u>	<u>117,308</u>
	<u>\$179,091</u>	<u>\$ 151,560</u>

The following tabulation summarizes the relationship between cost and market values of investment assets.

	<u>Cost</u>	<u>Market value</u>	<u>Excess of market over cost</u>
Balance at January 1, 2008	\$ 189,226	212,150	22,924
Balance at December 31, 2008	172,701	151,560	<u>(21,141)</u>
Decrease in realized and unrealized appreciation 2008			(44,065)
Balance at January 1, 2009	172,701	151,560	(21,141)
Balance at December 31, 2009	175,346	179,091	3,745
Increase in realized and unrealized appreciation in 2009	\$		<u>24,886</u>

## NOTES TO AUDITED FINANCIAL STATEMENTS - Continued

### NOTE F – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted assets consist of \$47,395 contributions that are to be used to subsidize low-income participants that had not been spent as of December 31, 2009.

### NOTE G – PERMANENTLY RESTRICTED ASSETS

The permanently restricted funds are funds which contributions of \$44,683 have been restricted by the donor. The Organization is entitled to use the earnings of these funds. If the earnings are not used by the Organization, they do not become part of the corpus. They can be transferred to the operating fund by the Board of Directors with some restrictions.

### NOTE H – ENDOWMENT FUND

The Organization's endowment consists of funds unrestricted and restricted. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2009, the State of New Mexico enacted a version of the Uniform Prudent Management of Institutional Funds Act ("SPMIFA"). The Board of Directors of the Organization has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The earnings of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In August 2008, the FASB issued FSP FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. The Organization reviewed the changes to the law regarding net asset classification of endowments. The Organization has no changes to its net asset classification as a result of this law as of August 1, 2008.

**NOTES TO AUDITED FINANCIAL STATEMENTS - Continued**

Endowment Net Assets Composition by Type of Fund

As of December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$		44,683	44,683
Board-designated endowment funds	101,880			101,880
	<u>\$ 101,880</u>		<u>44,683</u>	<u>146,563</u>

Changes in Endowment Net Assets

For the Year Ended December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2009	\$ -	-	-	119,504
Contributions	-	-	-	-
Investment return:				
Investment income	4,080	-	-	4,080
Net unrealized/realized loss loss on investment	24,886	-	-	24,886
Transfers in	-	-	-	-
Appropriation of endowment earnings for expenditure	-	-	-	-
Expenditure of endowment earnings	(1,907)	-	-	(1,907)
Endowment net assets, December 31, 2009	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>146,563</u>

**NOTE I – BENEFICIAL INTEREST HELD IN COMMUNITY FOUNDATION**

In 2009 the Organization transferred \$25,000 to the Albuquerque Community Foundation the “Foundation”) to establish a permanent endowment known as the Meals on Wheels of Albuquerque Endowment (the “Fund”). All gifts to the Fund are irrevocable. The purpose of the Fund is to support the Organization. The Organization receives annual distributions from the Foundation currently at a rate of up to 4.50 per cent of the assets held by the Foundation. At December 31, 2009 the value of the Fund was \$27,232. The organization received no distributions for 2009.

## NOTES TO AUDITED FINANCIAL STATEMENTS - Continued

### NOTE J – OPERATING LEASE

The Organization leases office and kitchen facilities located at 5901 Harper NE that the Organization has a three-year lease dated July 7, 2009 at an annual rent of \$1.00 per year. The lease agreement is with Presbyterian Health Care Services.

### NOTE K – COMPENSATED ABSENCES

For the years ended December 31, 2009 and 2008, \$7,854 and \$11,417 were accrued for compensated absences

### NOTE L – DELI AND CATERING OPERATIONS

Income and expenses from the deli and catering operation are as follows:

	<u>2009</u>	<u>2008</u>
Income	\$ 149,688	108,136
Expense	<u>(141,345)</u>	<u>(113,146)</u>
Income (loss) from deli and catering operations	<u>\$ 8,343</u>	<u>(5,010)</u>

### NOTE M – ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of fees from program services and are non-interest bearing. At December 31 2009 and 2008, the allowance for doubtful accounts balance was \$6,290 and \$5,095, respectively.

### NOTE N – RELATED PARTY

During the year ended December 31, 2009, the Organization paid \$4,341 in an arm's length transaction to a company whose vice-president is a Board member.

### NOTE O – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

**NOTES TO AUDITED FINANCIAL STATEMENTS - Continued**

The Organization has evaluated subsequent events through August 11, 2010, which is the date the financial statements were available to be issued.

**Hinkle & Landers, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Board of Directors  
Albuquerque Meals on Wheels, Inc.  
Albuquerque, New Mexico

In planning and performing our audit of the financial statements of Albuquerque Meals on Wheels, Inc. (a nonprofit organization) (Organization) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

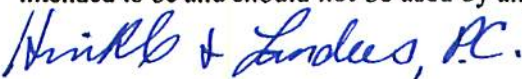
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

We noted certain other matters that we consider opportunities for strengthening internal controls and operating efficiency which is reported in the accompanying schedule of Management Comments.

This communication is intended solely for the information and use of management, the Executive Director and others within the organization to which the Organization is receiving grant funds and is not intended to be and should not be used by anyone other than these specified parties.



Hinkle & Landers, P.C.  
August 11, 2010

**Albuquerque Meals on Wheels, Inc.  
Schedule of Management Comments  
For the Year Ended December 31, 2009**

**Current Year**

**09-01 - Review of Bank Reconciliations and General Journal Entries**

During our examination of cash we found that the book balance was \$815.99 more than the reconciled bank balance. Apparently some adjustments were made after the bank account was reconciled. We recommend that adjustments are not made after the bank account is reconciled.

Currently the bank reconciliations are not being reviewed by a person independent of the reconciliation process to ensure that the reconciliation was done correctly and timely. Also, general journal entries are not being reviewed by a person independent of the posting of those entries.

We recommend as an additional internal control that a board member or the executive director review and initial the bank reconciliation after it is completed by the accountant. We further recommend that the board member or the executive director open and review the bank statement for any irregularities.

We recommend that a board member or the executive director review monthly and year end general journal entries for significant transactions or items that affect the cash accounts.