

WHEATHEART NUTRITION PROJECT, INC.

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

RALPH OSBORN
CERTIFIED PUBLIC ACCOUNTANT
500 SOUTH CHESTNUT
P.O. BOX 1015
BRISTOW, OKLAHOMA 74010

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wheatheart Nutrition Project, Inc.
Blackwell, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of Wheatheart Nutrition Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibilities 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit 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.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wheatheart Nutrition Project, Inc. as of June 30, 2014, 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.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state contracts and schedule of expenditures of federal awards are presented for the purposes of additional analysis and are not required to be part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated March 10, 2015, on my consideration of Wheatheart Nutrition Project, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wheatheart Nutrition Project, Inc.'s internal control over financial reporting and compliance.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 10, 2015

WHEATHEART NUTRITION PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 707,826
Accounts Receivable	237,676
Inventory	<u>24,783</u>
Total Current Assets	<u>970,285</u>

Fixed Assets

Furniture, Fixtures, and Equipment	853,238
Less Depreciation	<u>(742,813)</u>
Net Fixed Assets	<u>110,425</u>

TOTAL ASSETS

\$ 1,080,710

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 155,278
Accrued Annual Leave	<u>13,011</u>
TOTAL LIABILITIES	<u>168,289</u>

NET ASSETS

Unrestricted	<u>912,421</u>
TOTAL NET ASSETS	<u>912,421</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,080,710

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

WHEATHEART NUTRITION PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>
REVENUES	
Title III, Part B	\$ 125,782
Title III, Part C	767,488
USDA Cash In Lieu	116,661
Advantage Delivered Meals	1,281,878
Donations	136,624
Other Income	2,835
Interest Income	<u>774</u>
TOTAL REVENUES	<u>2,432,042</u>
EXPENSES	
Program Services	2,422,485
General And Administrative	<u>26,298</u>
TOTAL EXPENSES	<u>2,448,783</u>
CHANGE IN NET ASSETS	(16,741)
NET ASSETS, BEGINNING	<u>929,162</u>
NET ASSETS, ENDING	<u><u>\$ 912,421</u></u>

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

WHEATHEART NUTRITION PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

EXPENSES	PROGRAM SERVICES				TOTAL
	G & A	TITLE III	USDA IN LIEU	ADVANTAGE	
Personnel	\$ -	\$ 758,044	\$ -	\$ 139,298	\$ 897,342
Food/Meals	-	201,008	116,664	754,635	1,072,307
Meal Delivery	-	89,305	-	81,933	171,238
Repairs/Maintenance	-	23,262	-	4,856	28,118
Travel	6,089	15,139	-	5,664	26,892
Professional Services	-	4,000	-	-	4,000
Insurance	-	19,518	-	8,350	27,868
Supplies	-	52,953	-	6,764	59,717
Promotion/Outreach	-	44,791	-	-	44,791
Telephone/Utilities	-	57,959	-	13,568	71,527
Operating Expense	246	7,978	-	-	8,224
Office	-	8,952	-	2,204	11,156
Rent	-	2,100	-	3,540	5,640
Depreciation	19,963	-	-	-	19,963
TOTAL EXPENSES	<u>\$ 26,298</u>	<u>\$1,285,009</u>	<u>\$ 116,664</u>	<u>\$1,020,812</u>	<u>\$2,448,783</u>

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

WHEATHEART NUTRITION PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (16,741)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	19,963
(Increase) decrease in operating assets	
Accounts receivable	8,734
Inventory	109
Increase (Decrease) in operating liabilities	
Accounts Payable	<u>128,850</u>
Net Cash Provided (Used) by Operating Activities	<u>140,915</u>

CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(91,544)</u>
Net cash used by investing activities	<u>(91,544)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,371
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>658,455</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 707,826</u>

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

WHEATHEART NUTRITION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Wheatheart Nutrition Project, Inc. (the Corporation) was organized under the laws of the State of Oklahoma as a non-profit corporation on September 16, 1983. The Corporation is managed by a Board of Directors and Executive Director. The Corporation was organized for the purpose of providing nutrition or other services for older persons in its area.

Basis of Accounting

The Corporation uses the accrual basis of accounting to prepare its financial statements. Revenue is recognized when earned rather than when received. Expenses are recognized when the liability is incurred not when paid. The financial statements report depreciation on fixed assets. The Corporation does not have long-term debt.

Cash and Cash Equivalents

The Corporation considers all short-term investments with a maturity of three months or less to be cash equivalents.

Inventories and Prepays

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used.

Prepays record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. The Corporation did not have material prepaid amounts at June 30, 2014.

Property and Equipment

Property and equipment purchases and leasehold improvements are recorded at cost. Donated property and equipment are recorded at the fair market value at the date of their receipt. Depreciation is provided over the estimated useful lives of the respective assets on straight-line basis. All assets are currently being depreciated on a five to ten year life.

Property and equipment purchased with federal funds are not added to property and equipment because the equipment is considered to be owned by the program. In the event Wheatheart discontinues the contract, the property and equipment would go to the new contractor.

WHEATHEART NUTRITION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Accrued Compensated Absences

Employees are entitled to annual leave based on the number of hours the employee is scheduled to work in one regular day. The maximum accrued leave that can be accumulated is ten days or the equivalent number of hours which would be worked in ten days. A maximum of ten days is payable with termination of employment. The accrued annual leave reported in the financial statements includes estimated taxes. Employees are allowed varying amounts of sick leave depending on hours of work per day. All accrued sick leave terminates upon termination of employment, therefore, the Corporation has not accrued sick leave liability.

Net Assets

Grant funds that are restricted by the grantor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Corporation did not have temporarily or permanently restricted net assets at June 30, 2014.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-for-Profit Corporation." Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Nonprofit Status

The Corporation has been ruled exempt from federal taxes under Section 501 (c) (3) of the Internal Revenue Code.

WHEATHEART NUTRITION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE B: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Corporation will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Corporation, and are held by counterparty or the counterparty's trust department but not in the name of the Corporation. The Corporation's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2014, the Corporation had uninsured funds totaling \$120,015.

Deposits

The Corporation had deposits at financial institutions with a carrying amount of approximately \$707,826 at June 30, 2014. The bank balance of the deposits at June 30, 2014 was approximately \$735,070.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Corporation did not have fixed income securities at June 30, 2014.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitor's the investment performance on an ongoing basis to limit the Corporation's interest rate risk. As of June 30, 2014, the Corporation's deposits consisted of demand deposits.

NOTE C: CHANGES IN FIXED ASSETS

Property, Plant and Equipment is made up of the following:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Addition</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
Furniture and Equip.	\$ 761,694	\$ 91,544	\$ -	\$ 853,238
Total Fixed Assets	761,694	91,544	-	853,238
Less: Acc. Dep.	<u>(722,850)</u>	<u>(19,963)</u>	<u>-</u>	<u>(742,813)</u>
Net Fixed Assets	<u>\$ 38,844</u>	<u>\$ 71,581</u>	<u>\$ -</u>	<u>\$ 110,425</u>

WHEATHEART NUTRITION PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE D: FUNDING CONTRACTS

The Corporation receives funding for nutrition services through a contract with a pass-thru agent for Oklahoma Health and Human Services. This contract provides funding through Title III and other sources. The contract is primarily for the purpose of providing congregate and home-delivered meals with funding from the United States Department of Health and Human Services. Beginning December 19, 2013, the pass-thru agent changed from Northern Oklahoma Development Authority to Long Term Care Authority of Enid, Aging Services.

The Corporation also has a contract with the Oklahoma Health Care Authority to provide home-delivered meals under the Advantage program. The Corporation is paid a flat rate for delivering these meals.

NOTE E: PENSION PLAN

The Corporation did not participate in a pension plan during the year.

NOTE F: RISK MANAGEMENT

The Corporation's risk management of loss consists of commercial insurance for property and liability losses, professional liability, and worker's compensation. There have been no significant reductions in insurance coverage during the year ended June 30, 2014. There were no claims filed against the insurance during the year.

NOTE G: ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE H: CONTINUED FUNDING

The Corporation has received notice of continued funding under the contracts referred to in Note D.

NOTE I: SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through March 10, 2015, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

WHEATHEART NUTRITION PROJECT, INC.
SCHEDULE OF FEDERAL AND STATE CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2014

<u>STATE GRANTOR/ PROGRAM TITLE</u>	<u>CONTRACT NUMBER</u>	<u>CONTRACT PERIOD</u>	<u>CONTRACT AMOUNT</u>	<u>SUPPORT RECOGNIZED</u>	<u>CURRENT YEAR DISB</u>
<u>FEDERAL</u>					
Northern Oklahoma					
Development Authority					
Title III C1	03-26-1	07/01/13	\$ 173,316	\$ 173,316	\$ 173,316
Title III C2	03-26-1	to 06/30/14	93,937	93,937	93,937
Title III B	03-26-1		40,305	40,305	40,305
NSIP			<u>36,325</u>	<u>36,325</u>	<u>36,325</u>
NODA Total			<u>343,883</u>	<u>343,883</u>	<u>343,883</u>
Long Term Care Authority					
Of Enid, Aging Services					
Title III C1	03-26-1	07/01/13	\$ 22,096	\$ 22,096	\$ 22,096
Title III C2	03-26-1	to 06/30/14	-	-	-
Title III B	03-26-1		35,237	35,237	35,237
NSIP			<u>80,336</u>	<u>80,336</u>	<u>80,336</u>
LTCA-Enid, Aging Services Total			<u>137,669</u>	<u>137,669</u>	<u>137,669</u>
TOTAL FEDERAL			<u>\$ 481,552</u>	<u>\$ 481,552</u>	<u>\$ 481,552</u>
<u>STATE</u>					
Northern Oklahoma					
Development Authority					
Title III C1	03-26-1	07/01/13	\$ 30,585	\$ 30,585	\$ 30,585
Title III C2	03-26-1	to 06/30/14	35,048	35,048	35,048
Title III B	03-26-1		<u>7,113</u>	<u>7,113</u>	<u>7,113</u>
NODA Title III Total			<u>72,746</u>	<u>72,746</u>	<u>72,746</u>
Long Term Care Authority					
Of Enid, Aging Services					
Title III C1	03-26-1	07/01/13	\$ 251,137	\$ 251,137	\$ 251,137
Title III C2	03-26-1	to 06/30/14	161,369	161,369	161,369
Title III B	03-26-1		<u>43,127</u>	<u>43,127</u>	<u>43,127</u>
LTCA-Enid, Aging Services Title III Total			<u>455,633</u>	<u>455,633</u>	<u>455,633</u>
Oklahoma Health					
Care Authority					
Advantage Program		07/01/13	\$ -	\$1,281,878	\$1,020,812
Advantage Program Total		to 06/30/14	<u>-</u>	<u>1,281,878</u>	<u>1,020,812</u>
TOTAL STATE			<u>\$ 528,379</u>	<u>\$1,810,257</u>	<u>\$1,549,191</u>
TOTAL FEDERAL AND STATE			<u>\$1,009,931</u>	<u>\$2,291,809</u>	<u>\$2,030,743</u>

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

WHEATHEART NUTRITION PROJECT, INC.
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal Grantor's CFDA#</u>	<u>Approved Number</u>	<u>Amount</u>	<u>Balance at July1,2013</u>	<u>Receipts</u>	<u>Expenditures*</u>	<u>Balance at June30,2014</u>
U.S. Department of Health and Human Services							
Passed through Oklahoma Department of Human Services, Northern Oklahoma Development Authority and Long Term Care Authority of Enid, Aging Services							
Special Programs for the Aging							
Title III, Part B	93.044	03-26-1	\$ 75,542	\$ -	\$ 75,542	\$ 75,542	\$ -
Title III, Part C	93.045	03-26-1	<u>289,349</u>	<u>-</u>	<u>289,349</u>	<u>289,349</u>	<u>-</u>
Total Special Programs for the Aging			<u>364,891</u>	<u>-</u>	<u>364,891</u>	<u>364,891</u>	<u>-</u>
Nutrition Serv.Incen. Pro.	93.053		<u>116,661</u>	<u>-</u>	<u>116,661</u>	<u>116,661</u>	<u>-</u>
Total U.S. HHS			<u>116,661</u>	<u>-</u>	<u>116,661</u>	<u>116,661</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$481,552</u>	<u>\$ -</u>	<u>\$ 481,552</u>	<u>\$ 481,552</u>	<u>\$ -</u>

Note 1 - * Represents federal share of expenditures only.

Note 2 - This schedule was prepared on the accrual basis of accounting.

The accompanying notes are an integral part of this statement.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Wheatheart Nutrition Project, Inc.
Blackwell, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wheatheart Nutrition Project, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Wheatheart Nutrition Project, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wheatheart Nutrition Project, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal controls.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheatheart Nutrition Project, Inc.'s, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
March 10, 2015