

**MEALS ON WHEELS
COLLIN COUNTY**

FINANCIAL STATEMENTS
September 30, 2018 and 2017

(With Independent Auditors' Report thereon and Single Audit Report)

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position As of September 30, 2018 and 2017	3
Statement of Activities for the Year Ended September 30, 2018	4
Statement of Activities for the Year Ended September 30, 2017	5
Statement of Functional Expenses for the Year Ended September 30, 2018	6-7
Statement of Functional Expenses for the Year Ended September 30, 2017	8-9
Statements of Cash Flows for the Years Ended September 30, 2018 and 2017	10
Notes to Financial Statements	11-19
SINGLE AUDIT INFORMATION	20
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21-22
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	23-24
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27-28
Summary Schedule of Prior Year Findings	29

Frank W. Bonn CPA, PLLC

Certified Public Accountant
6220 Colleyville Blvd., Suite A
Colleyville, Texas 76034

Tel 817-442-0975
Cell 214-551-0500

Member Texas Society
of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management of
Meals on Wheels Collin County

Report on the Financial Statements

We have audited the accompanying financial statements of Meals on Wheels Collin County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018 and 2017, and the related statements of activities, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 Meals on Wheels Collin County's as of September 30, 2018 and 2017, and the changes in the net assets and the cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on the Schedule of Expenditures of Federal Funds

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required 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 additional 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2019 on our consideration of Meals on Wheels Collin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Meals on Wheels Collin County's internal control over financial reporting and compliance.



Frank W. Bonn, CPA, PLLC
Colleyville, Texas
August 5, 2019

MEALS ON WHEELS COLLIN COUNTY
Statements of Financial Position
As of September 30, 2018 and 2017

ASSETS		
	2018	2017
Current Assets		
Cash and Cash Equivalents (Unrestricted)	\$ 1,138,797	\$ 685,050
Cash and Cash Equivalents (Temporarily Unrestricted)	35,000	72,744
Grants Receivable <i>(Note 2)</i>	314,079	249,427
Pledges Receivable	-	29,129
Prepays and Other Current Assets	7,124	14,532
Total Current Assets	1,495,000	1,050,882
Property and Equipment <i>(Note 1 and 3)</i>		
Property and equipment, net of accumulated depreciation of \$718,423 and \$643,892 respectively	460,164	479,189
TOTAL ASSETS	\$ 1,955,164	\$ 1,530,071
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 87,534	\$ 35,418
Accrued Salaries and Wages	32,557	-
Accrued Vacation <i>(Note 1)</i>	24,698	65,203
Deferred Revenue <i>(Note 1)</i>	50,692	39,686
Total Liabilities (all Current)	195,481	140,307
Total Liabilities	195,481	140,307
Net Assets		
Unrestricted	1,724,683	1,317,020
Temporarily Restricted <i>(Note 4)</i>	35,000	72,744
Permanently Restricted	-	-
Total Net Assets	1,759,683	1,389,764
TOTAL LIABILITIES AND NET ASSETS	\$ 1,955,164	\$ 1,530,071

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

MEALS ON WHEELS COLLIN COUNTY
Statement of Activities
For the Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND PUBLIC SUPPORT				
Grants and Contracts				
Federal Grant Contracts	\$ 881,236	\$ -	\$ -	\$ 881,236
State Grant Contracts	185,427	-	-	185,427
Local Government Grants	89,852	-	-	89,852
United Way Grant	20,000	15,000	-	35,000
Other Grants	179,260	20,000	-	199,260
Total Grants and Contracts <i>(Note 13)</i>	<u>1,355,775</u>	<u>35,000</u>	<u>-</u>	<u>1,390,775</u>
Contributions	832,316	-	-	832,316
Special Fund Raising Events, net of direct donor benefits of \$23,607 <i>(Note 8)</i>	66,853	-	-	66,853
In-Kind Space and Services	173,243	-	-	173,243
Other In-Kind Contributions	39,070	-	-	39,070
Interest Income	4,634	-	-	4,634
Rental Income	69,792	-	-	69,792
Meal Sales Income	1,150	-	-	1,150
Other Income	105	-	-	105
Gain (Loss) on Sale / Disposal of Fixed Assets	-	-	-	-
Net Assets Released from Restrictions	72,744	(72,744)	-	-
Total Revenue and Public Support	<u>2,615,682</u>	<u>(37,744)</u>	<u>-</u>	<u>2,577,938</u>
EXPENSES				
Home Delivered Meals	1,267,593	-	-	1,267,593
Congregate Meals	331,862	-	-	331,862
Public Transportation	63,481	-	-	63,481
Senior Safety Net Program	137,808	-	-	137,808
Total Program Services	<u>1,800,744</u>	<u>-</u>	<u>-</u>	<u>1,800,744</u>
Management and General	184,297	-	-	184,297
Fundraising	222,978	-	-	222,978
Total Expenses	<u>2,208,019</u>	<u>-</u>	<u>-</u>	<u>2,208,019</u>
CHANGE IN NET ASSETS	407,663	(37,744)	-	369,919
NET ASSETS AT BEGINNING OF YEAR	<u>1,317,020</u>	<u>72,744</u>	<u>-</u>	<u>1,389,764</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,724,683</u>	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ 1,759,683</u>

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

MEALS ON WHEELS COLLIN COUNTY
Statement of Activities
For the Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND PUBLIC SUPPORT				
Grants and Contracts				
Federal Grant Contracts	\$ 786,463	\$ -	\$ -	\$ 786,463
State Grant Contracts	214,726	-	-	214,726
Local Government Grants	83,111	-	-	83,111
United Way Grant	-	20,000	-	20,000
Other Grants	196,500	87,960	-	284,460
Total Grants and Contracts <i>(Note 13)</i>	1,280,800	107,960	-	1,388,760
Contributions	767,967	-	-	767,967
Special Fund Raising Events, net of direct donor benefits of \$20,541 <i>(Note 8)</i>	61,210	-	-	61,210
In-Kind Space and Services	57,669	-	-	57,669
Other In-Kind Contributions	81,305	-	-	81,305
Interest Income	859	-	-	859
Rental Income	74,832	-	-	74,832
Meal Sales Income	1,330	-	-	1,330
Other Income	2,110	-	-	2,110
Gain (Loss) on Sale / Disposal of Fixed Assets	11,837	-	-	11,837
Net Assets Released from Restrictions	95,221	(95,221)	-	-
Total Revenue and Public Support	2,435,140	12,739	-	2,447,879
EXPENSES				
Home Delivered Meals	1,284,480	-	-	1,284,480
Congregate Meals	315,284	-	-	315,284
Public Transportation	73,965	-	-	73,965
Senior Safety Net Program	151,856	-	-	151,856
Total Program Services	1,825,585	-	-	1,825,585
Management and General	192,881	-	-	192,881
Fundraising	260,279	-	-	260,279
Total Expenses	2,278,745	-	-	2,278,745
CHANGE IN NET ASSETS	156,395	12,739	-	169,134
NET ASSETS AT BEGINNING OF YEAR	1,160,625	60,005	-	1,220,630
NET ASSETS AT END OF YEAR	<u>\$ 1,317,020</u>	<u>\$ 72,744</u>	<u>\$ -</u>	<u>\$ 1,389,764</u>

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

MEALS ON WHEELS COLLIN COUNTY
Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program Expenses			
	Home Delivered Meals	Congregate Meals	Title III-B Transportation	Senior Safety Net
Salary and Wages	\$ 574,368	\$ 77,026	\$ 31,514	\$ 22,856
Payroll Taxes	42,739	5,790	2,357	1,667
Retirement Contributions	28	2	-	-
Other Employee Benefits	25,722	7,372	2,077	206
Total Personnel Costs	642,857	90,190	35,948	24,729
Advertising	-	-	-	-
Bank Charges & Credit Card Fees	-	-	-	-
Client Assistance	-	-	-	71,556
Conferences, Conventions, & Meetings	602	26	137	-
Depreciation	53,258	5,458	5,310	310
Dues and Subscriptions	-	-	-	-
Equipment Rental & Maintenance	49,571	16,157	3,529	1,455
Food Costs	386,958	27,989	-	-
Holiday Food and Gifts*	1,114	-	-	37,956
Insurance	33,597	3,938	5,318	286
Marketing & Promotions	-	-	-	-
Office Supplies	4,252	1,418	307	128
Postage and Shipping	3,253	1,070	243	97
Printing and Publications	-	-	-	-
Professional Fees*	18,812	6,177	1,404	562
Rent*	3,626	169,092	210	-
Repairs & Maintenance	14,206	3,075	1,219	204
Telephone	7,337	2,371	504	218
Utilities	16,050	3,533	1,304	308
Vehicle Expense	32,100	1,368	8,050	-
Volunteer Recognition and Recruitment	-	-	-	-
TOTAL EXPENSES	\$ 1,267,593	\$ 331,862	\$ 63,481	\$ 137,808

* Amounts include In-Kind. (Note 7)

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

MEALS ON WHEELS COLLIN COUNTY
Statement of Functional Expenses (Continued)
For the Year Ended September 30, 2018

	Total Program	Management & General	Fundraising	Total
Salary and Wages	\$ 705,764	\$ 61,818	\$ 48,186	\$ 815,768
Payroll Taxes	52,553	4,443	3,597	60,593
Retirement Contributions	30	-	-	30
Other Employee Benefits	35,377	1,625	1,564	38,565
Total Personnel Costs	793,724	67,885	53,347	914,956
Advertising	-	3,533	6,200	9,733
Bank Charges & Credit Card Fees	-	5,061	208	5,269
Client Assistance	71,556	-	-	71,556
Conferences, Conventions, & Meetings	765	7,678	38	8,480
Depreciation	64,335	8,903	1,293	74,531
Dues and Subscriptions	-	4,446	625	5,071
Equipment Rental & Maintenance	70,712	1,841	7,577	80,130
Food Costs	414,947	31	-	414,978
Holiday Food and Gifts*	39,070	-	-	39,070
Insurance	43,139	4,589	687	48,415
Marketing & Promotions	-	8,168	32,298	40,466
Office Supplies	6,105	1,407	148	7,660
Postage and Shipping	4,663	210	40,084	44,958
Printing and Publications	-	-	18,827	18,827
Professional Fees*	26,954	50,045	58,864	135,863
Rent*	172,928	128	210	173,266
Repairs & Maintenance	18,703	5,858	1,015	25,577
Telephone	10,429	4,377	218	15,024
Utilities	21,195	8,598	997	30,791
Vehicle Expense	41,518	419	342	42,279
Volunteer Recognition and Recruitment	-	1,118	-	1,118
TOTAL EXPENSES	\$ 1,800,744	\$ 184,297	\$ 222,978	\$ 2,208,019

* Amounts include In-Kind. (Note 7)

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

MEALS ON WHEELS COLLIN COUNTY
Statement of Functional Expenses
For the Year Ended September 30, 2017

	Program Expenses			
	Home	Congregate Meals	Title III-B Transportation	Senior Safety Net
	Delivered Meals			
Salary and Wages	\$ 498,796	\$ 159,208	\$ 39,041	\$ 22,696
Payroll Taxes	37,121	11,686	2,883	1,699
Retirement Contributions	74	18	7	-
Other Employee Benefits	68,679	23,464	6,152	2,288
Contract Staff	102	-	-	-
Total Personnel Costs	<u>604,772</u>	<u>194,376</u>	<u>48,083</u>	<u>26,683</u>
Advertising	-	-	-	-
Bank Charges & Credit Card Fees	-	-	-	-
Client Assistance	-	-	-	42,261
Conferences, Conventions, & Meetings	541	36	195	-
Depreciation	53,913	5,084	5,175	276
Dues and Subscriptions	1,080	45	-	-
Equipment Rental & Maintenance	51,851	16,291	3,818	1,618
Food Costs	441,249	27,235	6	1
Holiday Food and Gifts*	1,817	-	-	79,488
Insurance	29,848	3,885	2,622	232
Marketing & Promotions	279	87	19	7
Office Supplies	5,862	2,149	488	287
Postage and Shipping	549	159	44	13
Printing and Publications	-	-	-	-
Professional Fees*	2,720	600	240	40
Rent*	1,428	51,132	240	-
Repairs & Maintenance	20,473	4,387	1,693	303
Supplies	-	-	-	-
Telephone	10,340	3,718	874	335
Utilities	20,639	4,533	1,782	312
Vehicle Expense	37,119	1,567	8,686	-
Volunteer Recognition and Recruitment	-	-	-	-
TOTAL EXPENSES	<u><u>\$ 1,284,480</u></u>	<u><u>\$ 315,284</u></u>	<u><u>\$ 73,965</u></u>	<u><u>\$ 151,856</u></u>

* Amounts include In-Kind. (Note 7)

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

MEALS ON WHEELS COLLIN COUNTY
Statement of Functional Expenses (Continued)
For the Year Ended September 30, 2017

	Total Program	Management & General	Fundraising	Total
Salary and Wages	\$ 719,741	\$ 56,790	\$ 74,218	\$ 850,749
Payroll Taxes	53,389	4,258	5,614	63,261
Retirement Contributions	99	-	-	99
Other Employee Benefits	100,583	7,830	8,511	116,924
Contract Staff	102	-	-	102
Total Personnel Costs	<u>873,914</u>	<u>68,878</u>	<u>88,343</u>	<u>1,031,135</u>
Advertising	-	831	157	988
Bank Charges & Credit Card Fees	-	7,176	630	7,806
Client Assistance	42,261	-	-	42,261
Conferences, Conventions, & Meetings	772	4,799	555	6,126
Depreciation	64,448	7,890	1,218	73,556
Dues and Subscriptions	1,125	864	605	2,594
Equipment Rental & Maintenance	73,578	5,504	6,026	85,108
Food Costs	468,491	57	5	468,553
Holiday Food and Gifts*	81,305	4,869	-	86,174
Insurance	36,587	4,649	957	42,193
Marketing & Promotions	392	2,736	37,553	40,681
Office Supplies	8,786	4,944	826	14,556
Postage and Shipping	765	1,873	37,506	40,144
Printing and Publications	-	-	19,058	19,058
Professional Fees*	3,600	59,655	61,301	124,556
Rent*	52,800	-	-	52,800
Repairs & Maintenance	26,856	10,021	1,604	38,481
Supplies	-	189	-	189
Telephone	15,267	2,934	1,073	19,274
Utilities	27,266	2,878	1,485	31,629
Vehicle Expense	47,372	566	377	48,315
Volunteer Recognition and Recruitment	-	1,568	1,000	2,568
TOTAL EXPENSES	<u><u>\$ 1,825,585</u></u>	<u><u>\$ 192,881</u></u>	<u><u>\$ 260,279</u></u>	<u><u>\$ 2,278,745</u></u>

* Amounts include In-Kind. (Note 7)

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

MEALS ON WHEELS COLLIN COUNTY
Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 369,919	\$ 169,134
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,531	73,556
(Increase) Decrease in Assets:		
Grants Receivable	(64,652)	(113,266)
Pledges Receivable	29,129	(29,129)
Prepaid Expenses and Other Current Assets	7,408	(2,912)
Increase (Decrease) in Liabilities:		
Accounts Payable	52,116	(19,437)
Accrued Expenses	(7,948)	6,912
Deferred Revenues	11,006	(25,904)
Net Cash (Used for) Provided by Operating Activities	471,509	58,954
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Assets	-	-
Purchases of Property and Equipment	(55,506)	(126,518)
Net Cash Used by Investing Activities	(55,506)	(126,518)
 CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net Cash Used by Financing Activities	-	-
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	416,003	(67,564)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	757,794	825,358
 CASH AND CASH EQUIVALENTS AT END OF YEAR		
	\$ 1,173,797	\$ 757,794
 SUPPLEMENTAL DISCLOSURES		
In-Kind Contributions and Contributed Services	\$ 212,313	\$ 138,974
Cash Paid During the Year for Interest Expense	\$ -	\$ -

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

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities, History and Organization:

Meals on Wheels Collin County (the “Organization”), was organized as a Texas nonprofit corporation in 1976, and is located in McKinney, Texas. The Organization’s mission is to combat isolation and promote health, dignity and independence of those 60 years or older by providing meals for individuals who are homebound, unable to prepare their own meals and are nutritionally at risk. The organization’s programs include functions and activities which are primarily concerned with meeting the nutritional needs of the elderly, the handicapped and the disabled in Collin County. All new Meals-on-Wheels clients are visited by a social worker who works with the client to determine how the Organization can meet their nutritional needs and make referrals to other community resources as needed. Clients are revisited on an annual basis. The Organization’s mission is largely accomplished by the army of volunteers who deliver meals each day, and care for those on their routes. Currently, the Organization serves over 262,000 meals annually.

The Organization is funded by private and governmental grants and contributions from participants and the general public.

The Organization previously provided rural and urban public transportation services in Collin County through the CCART program up until June 30, 2013. The Organization continued to provide transportation services to congregate site clients through a contract with Texas Area Paratransit System, Inc. (TAPS) through November 2015.

Significant Accounting Policies:

In fulfilling its responsibility for the preparation of the Organization’s financial statements and disclosures, management selects accounting principles generally accepted in the United States of America and adopts methods for their application. The application of accounting principles requires the estimating, matching and timing of revenue and expense in the determination of support or expenditures. It is also necessary for management to determine, measure and allocate resources and obligations within the financial process according to those principles. Below is a summary of certain significant accounting policies selected by management.

Basis of Accounting:

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

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 1 – (CONTINUED)

Basis of Presentation:

The statement of activities is a statement of the various financial activities and changes in net assets during the current reporting period. It does not purport to represent the results of operations nor of net income or loss for the period since the primary objective of the Organization is not to achieve a “profit”, but to support its mission stated above.

Net Asset Accounting:

As a nonprofit organization, Meals on Wheels Collin County maintains its records on a fund accounting basis in order to ensure observance of the limitations and restrictions placed on the use of its resources. This is the procedure by which net assets for various purposes are classified for accounting and reporting purposes into self-balancing accounts. Those funds are further classified into net asset groupings in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 605-10 and 958-205, as follows:

Unrestricted net assets – Net assets that are not restricted by donor-imposed stipulations. Unrestricted net assets may include certain funds that the Board of Directors has determined are to be designated for a particular purpose.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by the actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Recognition of Donor Restrictions:

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor restrictions exist that specify how the assets are to be used. Gifts of long-lived assets with explicit restrictions and gifts of cash that must be used to acquire long-lived assets are reported as temporarily restricted support. The Organization reports expirations of donor restrictions when the donated assets are placed in service, unless donor restrictions indicate otherwise. Income from permanently restricted net assets is recorded as unrestricted unless otherwise restricted by the donor.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 1 – (CONTINUED)

Cash and Cash Equivalents:

For purposes of the cash flow statement, the Organization considers as cash, all cash on hand, cash in checking accounts, money market funds and other similar instruments with maturities of three months or less.

Grants Receivable:

Grant revenue is recognized in the period in which the related services are provided or when the related expenditures are incurred. Revenue received in advance is reported as deferred revenue. Grants receivable represents unreimbursed expenditures at September 30, 2018 and 2017. An allowance for doubtful accounts is established when deemed appropriate.

Property and Equipment:

The Organization capitalizes all expenditures for property and equipment in excess of \$1,500. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of three to forty years.

Accrued Vacation:

Personal leave is accrued annual at up to 80 hours for eligible employees. Accrued vacation is paid upon termination of employment.

Deferred Revenue:

Deferred revenue is primarily comprised of payments received prior to year end from the Texas Department of Agriculture and another private foundation to provide meals to clients in the following year.

Functional Allocation of Expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the various programs and supporting services benefited.

Contributions:

Campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. The majority of the donations are from a broad base of contributors. Promises to give are recorded by the Organization, when received.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 1 – (CONTINUED)

Donated Services and Assets:

Contributions of donated facilities and goods that would typically need to be purchased are recorded at fair market value in the period received, as required by FASB ASC 958-605 and subsections, *Accounting for Contributions Received and Contributions Made* (ASC 958-605). Donated services are recorded if the services meet ASC 958-605 criteria. As disclosed in the notes, a substantial number of volunteers have donated significant amounts of time to the Organization's programs which were not recognized in the financial statements because they did not meet the criteria for recognition under ASC 958-605.

Income Tax Status:

The Organization is classified as a Section 501(c)(3) Organization under the Federal Internal Revenue Code and Section 23701(d) of the Texas Revenue and Taxation Code and is exempt from federal income and state franchise taxes. The Organization, however, may occasionally be subject to taxes on unrelated business income. The Organization is not a private foundation. There was no unrelated business income or known federal excise taxes for the years ending September 30, 2018 and 2017, respectively.

Accounting principles generally accepted in the United States prescribe a recognition threshold and a measurement process for accounting for uncertain tax positions and provide guidance on such matters and interest, penalties and required disclosures. Management does not believe that the Organization has any uncertain tax provisions. The Organization files Form 990, *Return of Organization Exempt from Income Tax*. Generally, these returns are subject to examination by income tax authorities for three years after filing. As such, returns for the fiscal years ending September 30, 2016, 2017, and 2018 are subject to examination.

Advertising Costs:

Advertising which is primarily for employment and organization promotion is expensed as incurred. Advertising cost totaled \$9,733 and \$988 for the years ended September 30, 2018 and 2017, respectively.

Fair Value of Financial Instruments:

The Organization's financial instruments, none of which are held for trading purposes, include cash, grants receivables, accounts payable, and other liabilities. The Organization estimates that the fair market value of all financial instruments at September 30, 2018 and 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 1 – (CONTINUED)

Use of Estimates and General Assumptions:

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable are due from various federal, state and local agencies and are deemed to be fully collectible by management, and consist of the following at September 30, 2018 and 2017:

	2018	2017
North Central Texas Council of Governments	\$ 236,769	\$ 222,971
Department of Aging and Disabilities Services	24,636	5,792
Collin County	24,478	-
Other Miscellaneous Receivables	28,196	25,316
Total Grants Receivable	\$ 314,079	\$ 254,079

NOTE 3 – PROPERTY AND EQUIPMENT

Property and Equipment consists of the following at September 30, 2018 and 2017:

	2018	2017
Land	\$ 87,165	\$ 87,165
Building and Improvements	627,966	577,966
Equipment, Furniture and Fixtures	241,294	241,294
Vehicles	222,162	216,656
Less: Accumulated Depreciation	(718,423)	(643,892)
Net Property and Equipment	\$ 460,164	\$ 479,189

Depreciation expense was \$74,531 and \$73,556 for the years ended September 30, 2018 and 2017, respectively.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$35,000 and \$72,744, as of September 30, 2018 and 2017, respectively relates to funds contributed to the organization and restricted for IT support and charitable programs. At September 30, 2018, \$10,000 relates to IT support and \$25,000 relates to the Senior Safety Net and Home Delivered Meal programs. At September 30, 2017, \$72,744 is restricted to the Senior Safety Net program.

NOTE 5 – PERMANENTLY RESTRICTED NET ASSETS

There were no permanently restricted net assets as of September 30, 2018 and 2017.

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restriction were \$72,744 and \$95,221 for the years ended September 30, 2018 and 2017, respectively, by incurring expenses satisfying the restricted purposes.

NOTE 7 – IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions for various services and expenses during the year. The estimated values of such in-kind transactions are reflected in the statement of activities at their fair value and are recorded at the time of receipt of such services and consist of the following for the years ended September 30, 2018 and 2017:

	2018	2017
Donated Facilities and Utilities	\$ 167,988	\$ 52,800
Holiday Food Boxes and Gifts	39,070	81,305
Professional IT Services	5,255	4,869
	\$ 212,313	\$ 138,974

In addition, approximately 24,422 and 19,345 of volunteer hours with an estimated value of \$339,661 and \$310,387 were provided to the Organization during the years ended September 30, 2018 and 2017, respectively, of which no revenue has been recognized pursuant to ASC 958-605.

NOTE 8 – SPECIAL EVENTS

The Organization conducts a special event golf tournament to raise funds and awareness of the mission of the Organization. Expenses related to this special event that are considered a direct benefit to the donor are shown in the statement of activities as a reduction of gross revenues.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 9 – CONCENTRATIONS

The Organization received approximately 53 and 56 percent of its funding from governmental agencies during the years ending September 30, 2018 and 2017, respectively. If a significant reduction in the level of this funding were to occur, it would affect the Organization's ability to provide programs and services. At September 30, 2018, approximately 82 percent of the grants receivables are from one governmental agency.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

At September 30, 2018, the Organization had lease commitments for three office copiers that expire as of April 30, 2020.

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 6,192
2020	<u>3,612</u>
Total	<u>\$ 9,804</u>

Lease expense was \$14,081 and \$17,593 for the years ended September 30, 2018 and 2017, respectively.

The Organization leases to an unrelated third party a portion of the Organization's wholly-owned building under a month-to-month lease. There was \$69,792 and \$74,832 of revenue recorded as rental income for the years ending September 30, 2018 and 2017, respectively.

NOTE 11 – EMPLOYEE BENEFIT PLAN

The Organization provides a 403(b) plan for employees. Participation in the plan is voluntary, and all full-time employees are eligible to contribute and receive employer matching contributions. The Organization makes a matching contribution of 10 cents per \$1.00 up to 5% of the participant's salary. Employees are fully vested after 5 years.

The Organization's matching contribution charged to expense was \$30 and \$100 for the years ended September 30, 2018 and 2017, respectively.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017**

NOTE 12 – GRANTS AND CONTRACTS

Grants and contracts reported in the accompanying financial statements represent 53 and 56 percent of total support and revenue for the years ending September 30, 2018 and 2017, respectively. Details of grants and contracts are as follows:

	2018	2017
Cost Reimbursement Contracts		
City of McKinney CDBG Entitlement Grant	\$ -	\$ 19,285
City of Frisco CDBG Entitlement Grant	21,305	16,500
City of McKinney Community Service Grant	26,250	-
City of Plano - Buffington Community Services Grant	41,033	35,133
City of Allen Community Service Grant	23,500	23,500
City of Frisco Community Service Grant	-	-
Texas Department of Agriculture - Home Delivered Meals	120,310	136,081
Grants		
Collin County	16,319	24,478
United Way Basic Needs Grant	35,000	20,000
Corporate and Foundation Grants	199,260	284,460
Unit Cost Reimbursement Contracts		
Texas Department of Aging and Disability Services:		
Title XX - Home Delivered Meals (HDM)	65,117	78,646
Texas Department of Aging (Pass-Through NTCOG):		
Title III C-2 - HDM	642,224	580,276
Title III C-1 - Congregate Meals	150,828	121,631
Title III B - Transportation	35,093	24,017
Texas Department of Health and Human Services		
Pass Through:		
Title XIX HDM - Molina Health Care of Texas, Inc	13,905	21,065
Title XIX HDM - Superior Health Plan, Inc.	631	3,688
	\$ 1,390,775	\$ 1,388,760
Total Grants and Contracts	\$ 1,390,775	\$ 1,388,760

Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2018 and 2017

NOTE 12 – GRANTS AND CONTRACTS (Continued)

The Organization operates under various grant agreements with government agencies which generally cover a one-year period, subject to annual renewals. The terms of these grants allow the grantors the right to audit the cost incurred thereunder. Any cost disallowed by the grantor would be absorbed by the Organization and any adjustments would be immaterial and would not have a material adverse effect on the Organization.

NOTE 13 – SUBSEQUENT EVENTS

An evaluation of subsequent events was performed in accordance with ASC 855-10, *Subsequent Events*, through August 5, 2019 which is the date of the report. No material subsequent events were noted.

SINGLE AUDIT INFORMATION

Frank W. Bonn CPA, PLLC

Certified Public Accountant
6220 Colleyville Blvd., Suite A
Colleyville, Texas 76034

Tel 817-442-0975
Cell 214-551-0500

Member Texas Society
of Certified Public Accountants

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 Trustees and Management of
Meals on Wheels Collin County
McKinney, Texas

We 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Meals on Wheels Collin County (a nonprofit organization), which comprises the statement of financial position as of September 30, 2018, 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 August 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meals on Wheels Collin County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Meals on Wheels Collin County's internal control. Accordingly, we do not express an opinion on the effectiveness of Meals on Wheels Collin County's internal control.

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 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit

we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meals on Wheels Collin County's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Frank W. Bonn, CPA, PLLC". The signature is written in a cursive, flowing style.

Frank W. Bonn, CPA, PLLC
Colleyville, Texas

August 5, 2019

Frank W. Bonn CPA, PLLC

Certified Public Accountant
6220 Colleyville Blvd., Suite A
Colleyville, Texas 76034

Tel 817-442-0975
Cell 214-551-0500

Member Texas Society
of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees and Management of
Meals on Wheels Collin County
McKinney, Texas

Report on Compliance for Each Major Federal Program

We have audited Meals on Wheels Collin County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct or material effect on each of the Meals on Wheels Collin County's major federal programs for the year ended September 30, 2018. Meals on Wheels Collin County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Meals on Wheels Collin County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and The Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meals on Wheels Collin County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion of compliance for each major federal program. However, our audit does not provide a legal determination of Meals on Wheels Collin County's compliance.

Opinion on Each Major Federal Program

In our opinion, Meals on Wheels Collin County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of Meals on Wheels Collin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Meals on Wheels Collin County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Meals on Wheels Collin County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Frank W. Bonn, CPA, PLLC
Colleyville, Texas
August 5, 2019

MEALS ON WHEELS COLLIN COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY or PASS- THROUGH ENTITY ID NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Housing and Urban Development</u>			
<i>CDBG - Entitlement Grants Cluster</i>			
Pass-through programs from:			
City of Frisco			
Community Development Block Grants/ Entitlement Grants	14.218	B-15-MC-48-0046	\$ 21,305
City of McKinney			
Community Development Block Grants/ Entitlement Grants	14.218	B-15-MC-48-0043	17,250
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>38,555</u>
Total U.S. Department of Housing and Urban Develo			
<u>U.S. Department of Health and Human Services</u>			
<i>Aging Cluster</i>			
Pass-through programs from:			
North Central Texas Council of Governments			
Area Agency on Aging			
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Cent	93.044	n/a	35,093
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	n/a	793,052
Nutrition Services Incentive Program	93.053	n/a	65,117
<i>Total Aging Cluster</i>			<u>893,262</u>
<i>Medicaid Cluster</i>			
Pass-through programs from:			
Molina Healthcare of Texas, Inc. & Superior HealthPlan, Inc.			
Medical Assistance Program	93.778	n/a	14,536
<i>Total Medicaid Cluster</i>			<u>14,536</u>
Total U.S. Department of Health and Human Services			<u>907,798</u>
Total Federal Award Expenditures			\$ <u><u>946,353</u></u>

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

Meals on Wheels Collin County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Meals on Wheels Collin County (the Organization) under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Meals on Wheels Collin County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Meals on Wheels Collin County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-122, Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUB-RECIPIENTS

The Organization has no sub-recipients.

NOTE 4 – NON-CASH ASSISTANCE

The Organization did not receive any non-cash assistance from federal awards for the year ended September 30, 2018.

NOTE 5 – LOANS

At year-end, the Organization had no loans or loan guarantees outstanding with federal awarding agencies.

NOTE 6 – INSURANCE COVERAGE

The Organization maintained insurance in the amount of \$2,000,000 in general liability, \$1,000,000 in D&O Insurance and \$1,050,000 in professional liability coverage during the year ended September 30, 2018.

**Meals on Wheels Collin County
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant Deficiencies identified that are not considered to be material weakness(es)? Yes reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant Deficiencies identified that are not considered to be material weakness(es)? Yes reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) or *OMB Circular A-133*? Yes No

Identification of major programs:

- CFDA Number:
- 93.044 - Special Programs for the Aging – Title III, Part B – Grants for the Supportive Services
 - 93.045 - Special Programs for the Aging – Title III, Part C – Nutrition Services
 - 93.053 - Nutrition Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Meals on Wheels Collin County qualified as low-risk auditee? Yes No

**Meals on Wheels Collin County
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no matters reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no matters reported.

**Meals on Wheels Collin County
Schedule of Prior Audit Findings
For the Year Ended September 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no matters reported.