

**MEALS ON WHEELS  
COLLIN COUNTY**

**FINANCIAL STATEMENTS  
September 30, 2022 and 2021**

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

## TABLE OF CONTENTS

<b>INDEPENDENT AUDITOR’S REPORT</b>	1-3
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position as of September 30, 2022 and 2021	4
Statement of Activities for the Year Ended September 30, 2022	5
Statement of Activities for the Year Ended September 30, 2021	6
Statement of Functional Expenses for the Year Ended September 30, 2022	7-8
Statement of Functional Expenses for the Year Ended September 30, 2021	9-10
Statements of Cash Flows for the Years Ended September 30, 2022 and 2021	11
Notes to Financial Statements	12-23
<b>SINGLE AUDIT INFORMATION</b>	24
<b>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></b>	25-26
<b>INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i></b>	27-29
Schedule of Expenditures of Federal Awards	30
Notes to Schedules of Expenditures of Federal and State Awards	31-32
Schedule of Findings and Questioned Costs	33-34
Summary Schedule of Prior Year Findings	35

# Frank W. Bonn CPA, PLLC

Certified Public Accountant  
1216 Donna Lane  
Bedford, Texas 76022

Email: [fbonn@bonncpa.com](mailto:fbonn@bonncpa.com)  
Cell 214-551-0500

Member American Institute  
of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Meals on Wheels Collin County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Meals on Wheels Collin County as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels Collin County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels Collin County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Meals on Wheels Collin County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels Collin County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

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* 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 schedule of expenditures of federal awards 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 25, 2023, 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 solely 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 the effectiveness of Meals on Wheels Collin County's 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 25, 2023

**MEALS ON WHEELS COLLIN COUNTY**  
**Statements of Financial Position**  
**As of September 30, 2022 and 2021**

**ASSETS**

	2022	2021
Current Assets		
Cash and Cash Equivalents	\$ 5,219,261	\$ 4,636,603
Grants Receivable	403,138	409,667
Employee Retention Credit Receivable (ERC)	818,795	-
Prepays and Other Current Assets	35,693	52,220
Total Current Assets	6,476,887	5,098,490
Property and Equipment		
Property and equipment, net of accumulated depreciation of \$1,064,514, and \$949,221 respectively	562,377	534,686
TOTAL ASSETS	\$ 7,039,264	\$ 5,633,176

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts Payable	\$ 50,965	\$ 96,722
Accrued Salaries and Wages	23,873	19,619
Accrued Vacation	34,991	35,540
Accrued Professional Fees	119,407	-
Refundable Advances	76,223	66,938
Total Liabilities (all Current)	305,459	218,819
Net Assets		
Without Donor Restriction		
Undesignated	6,624,531	5,150,200
With Donor Restriction		
Time Restricted	109,274	264,157
Total Net Assets	6,733,805	5,414,357
TOTAL LIABILITIES AND NET ASSETS	\$ 7,039,264	\$ 5,633,176

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, 2022**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND PUBLIC SUPPORT</b>			
Grants and Contracts			
Federal Grant Contracts	\$ 1,661,245	\$ -	\$ 1,661,245
State Grant Contracts	194,907	-	194,907
Local Government Grants	126,877	-	126,877
Private Grants	455	-	455
Employee Retention Credit	818,795	-	818,795
United Way Grant	-	-	-
Other Grants	300,710	81,091	381,801
Total Grants and Contracts	3,102,989	81,091	3,184,080
Contributions	1,456,890	-	1,456,890
Special Fund Raising Events, net of direct donor benefits of \$32,599	71,957	-	71,957
In-Kind Space and Services	128,064	-	128,064
Other In-Kind Contributions	108,400	-	108,400
Interest and Dividend Income	12,712	-	12,712
Rental Income	57,360	-	57,360
Meal Sales Income	-	-	-
Realized Gains	-	-	-
Other Income	12,966	-	12,966
Gain (Loss) on Sale / Disposal of Fixed Assets	1,000	-	1,000
Net Assets Released from Restrictions	235,974	(235,974)	-
Total Revenue and Public Support	5,188,312	(154,883)	5,033,429
<b>EXPENSES</b>			
Home Delivered Meals	2,226,497	-	2,226,497
Congregate Meals	458,904	-	458,904
Public Transportation	90,026	-	90,026
Secret Santa Program	27,045	-	27,045
Senior Safety Net Program	122,594	-	122,594
Total Program Services	2,925,066	-	2,925,066
Management and General	513,207	-	513,207
Fundraising	275,708	-	275,708
Total Expenses	3,713,981	-	3,713,981
CHANGE IN NET ASSETS	1,474,331	(154,883)	1,319,448
NET ASSETS AT BEGINNING OF YEAR	5,150,200	264,157	5,414,357
NET ASSETS AT END OF YEAR	\$ 6,624,531	\$ 109,274	\$ 6,733,805

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, 2021**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND PUBLIC SUPPORT</b>			
Grants and Contracts			
Federal Grant Contracts	\$ 1,445,755	\$ -	\$ 1,445,755
State Grant Contracts	184,995	-	184,995
Local Government Grants	125,619	-	125,619
Private Grants	1,701	-	1,701
Employee Retention Credit	-	-	-
United Way Grant	-	20,000	20,000
Other Grants	376,165	629,369	1,005,534
Total Grants and Contracts	2,134,235	649,369	2,783,604
Contributions	1,679,119	-	1,679,119
Special Fund Raising Events, net of direct donor benefits of \$0	-	-	-
In-Kind Space and Services	46,466	-	46,466
Other In-Kind Contributions	123,275	-	123,275
Interest and Dividend Income	9,388	-	9,388
Rental Income	63,848	-	63,848
Meal Sales Income	100	-	100
Realized Gains	71	-	71
Other Income	4,000	-	4,000
Gain (Loss) on Sale / Disposal of Fixed Assets	-	-	-
Net Assets Released from Restrictions	443,052	(443,052)	-
Total Revenue and Public Support	4,503,554	206,317	4,709,871
<b>EXPENSES</b>			
Home Delivered Meals	1,848,390	-	1,848,390
Congregate Meals	361,650	-	361,650
Public Transportation	72,680	-	72,680
Secret Santa Program	39,951	-	39,951
Senior Safety Net Program	128,846	-	128,846
Total Program Services	2,451,517	-	2,451,517
Management and General	377,222	-	377,222
Fundraising	177,090	-	177,090
Total Expenses	3,005,829	-	3,005,829
<b>CHANGE IN NET ASSETS</b>	1,497,725	206,317	1,704,042
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,652,475	57,840	3,710,315
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 5,150,200</u>	<u>\$ 264,157</u>	<u>\$ 5,414,357</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, 2022**

	Program Expenses				
	Home Delivered Meals	Congregate Meals	Title III-B Transportation	Secret Santa	Senior Safety Net
Salary and Wages	\$ 954,007	\$ 192,951	\$ 51,541	\$ -	\$ 30,044
Payroll Taxes	71,427	14,456	3,725	-	2,272
Retirement Contributions	219	43	(4)	-	7
Other Employee Benefits	71,602	10,908	(1,398)	-	1,195
Total Personnel Costs	1,097,255	218,358	53,864	-	33,518
Advertising	-	-	-	-	-
Bank Charges & Credit Card Fees	-	-	-	-	-
Client Assistance*	-	-	-	27,045	88,128
Conferences, Conventions, & Meetings	-	-	-	-	-
Contract Labor	-	-	-	-	-
Depreciation	92,903	8,447	6,693	-	-
Dues and Subscriptions	-	-	-	-	-
Equipment Rental & Maintenance	132,960	5,684	503	-	411
Food Costs	693,280	76,759	3	-	3
Insurance	76,439	5,587	4,245	-	179
Marketing & Promotions	-	-	-	-	-
Office Supplies	15,093	3,111	258	-	223
Postage and Shipping	2,719	548	44	-	42
Professional Fees	-	-	-	-	-
Rent*	975	126,609	480	-	-
Repairs & Maintenance	19,068	4,485	1,679	-	1
Staff Appreciation	-	-	-	-	-
Telephone	5,715	1,348	137	-	89
Utilities	21,047	5,030	1,722	-	-
Vehicle Expense	69,043	2,938	20,398	-	-
Volunteer Recognition and Recruitment	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 2,226,497</b>	<b>\$ 458,904</b>	<b>\$ 90,026</b>	<b>\$ 27,045</b>	<b>\$ 122,594</b>

\* Amounts include In-Kind. (Note 6)

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, 2022**

	Total Program	Management & General	Fundraising	Total
Salary and Wages	\$ 1,228,543	\$ 133,691	\$ 204,770	\$ 1,567,004
Payroll Taxes	91,880	10,067	15,220	117,167
Retirement Contributions	265	(36)	(69)	160
Other Employee Benefits	82,307	9,849	17,393	109,549
Total Personnel Costs	1,402,995	153,571	237,314	1,793,880
Advertising	-	18,596	1,428	20,024
Bank Charges & Credit Card Fees	-	11,018	1,341	12,359
Client Assistance*	115,173	-	-	115,173
Conferences, Conventions, & Meetings	-	5,619	1,378	6,997
Contract Labor	-	19,083	-	19,083
Depreciation	108,043	10,432	1,911	120,386
Dues and Subscriptions	-	4,212	-	4,212
Equipment Rental & Maintenance	139,558	7,359	12,063	158,980
Food Costs	770,045	24	36	770,105
Insurance	86,450	5,802	2,959	95,211
Marketing & Promotions	-	10,883	1,072	11,955
Office Supplies	18,685	3,612	2,744	25,041
Postage and Shipping	3,353	341	497	4,191
Professional Fees	-	210,551	7,941	218,492
Rent*	128,064	-	-	128,064
Repairs & Maintenance	25,233	21,181	1,407	47,821
Staff Appreciation	-	10,018	387	10,405
Telephone	7,289	3,946	997	12,232
Utilities	27,799	10,538	1,325	39,662
Vehicle Expense	92,379	734	908	94,021
Volunteer Recognition and Recruitment	-	5,687	-	5,687
<b>TOTAL EXPENSES</b>	<b>\$ 2,925,066</b>	<b>\$ 513,207</b>	<b>\$ 275,708</b>	<b>\$ 3,713,981</b>

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, 2021**

	Program Expenses				
	Home Delivered Meals	Congregate Meals	Title III-B Transportation	Secret Santa	Senior Safety Net
Salary and Wages	\$ 772,778	\$ 185,429	\$ 44,259	\$ -	\$ 21,166
Payroll Taxes	57,608	13,751	3,174	-	1,602
Retirement Contributions	17	3	-	-	-
Other Employee Benefits	61,361	15,083	1,965	-	1,822
Total Personnel Costs	891,764	214,266	49,398	-	24,590
Advertising	-	-	-	-	-
Bank Charges & Credit Card Fees	-	-	-	-	-
Client Assistance*	18,309	-	-	39,951	102,660
Conferences, Conventions, & Meetings	72	3	-	-	-
Contract Labor	-	-	-	-	-
Depreciation	77,720	7,386	6,660	-	-
Dues and Subscriptions	-	-	-	-	-
Equipment Rental & Maintenance	91,584	21,177	3,350	-	835
Food Costs	585,416	43,573	1	-	-
Insurance	55,537	5,517	6,742	-	141
Marketing & Promotions	-	-	-	-	-
Office Supplies	19,178	6,372	966	-	262
Postage and Shipping	3,647	1,222	180	-	53
Professional Fees	4,830	1,270	300	-	-
Rent*	406	45,860	200	-	-
Repairs & Maintenance	26,596	6,285	2,322	-	8
Staff Appreciation	-	-	-	-	183
Telephone	7,122	2,381	357	-	114
Utilities	17,901	4,282	1,456	-	-
Vehicle Expense	48,308	2,056	748	-	-
Volunteer Recognition and Recruitment	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,848,390</b>	<b>\$ 361,650</b>	<b>\$ 72,680</b>	<b>\$ 39,951</b>	<b>\$ 128,846</b>

\* Amounts include In-Kind. (Note 6)

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, 2021**

	Total Program	Management & General	Fundraising	Total
Salary and Wages	\$ 1,023,632	\$ 97,487	\$ 130,737	\$ 1,251,856
Payroll Taxes	76,135	7,431	9,927	93,493
Retirement Contributions	20	16	-	36
Other Employee Benefits	80,231	7,656	9,910	97,797
Total Personnel Costs	1,180,018	112,590	150,574	1,443,182
Advertising	-	6,324	2,928	9,252
Bank Charges & Credit Card Fees	-	9,067	716	9,783
Client Assistance*	160,920	-	-	160,920
Conferences, Conventions, & Meetings	75	5,667	2	5,744
Contract Labor	-	34,916	-	34,916
Depreciation	91,766	10,242	1,726	103,734
Dues and Subscriptions	-	4,548	-	4,548
Equipment Rental & Maintenance	116,946	12,257	8,288	137,491
Food Costs	628,990	1	1	628,992
Insurance	67,937	4,801	1,907	74,645
Marketing & Promotions	-	21,210	3,127	24,337
Office Supplies	26,778	2,315	2,502	31,595
Postage and Shipping	5,102	2,092	495	7,689
Professional Fees	6,400	108,950	310	115,660
Rent*	46,466	-	-	46,466
Repairs & Maintenance	35,211	5,653	1,981	42,845
Staff Appreciation	183	11,653	-	11,836
Telephone	9,974	4,433	905	15,312
Utilities	23,639	9,480	1,114	34,233
Vehicle Expense	51,112	514	514	52,140
Volunteer Recognition and Recruitment	-	10,509	-	10,509
<b>TOTAL EXPENSES</b>	<b>\$ 2,451,517</b>	<b>\$ 377,222</b>	<b>\$ 177,090</b>	<b>\$ 3,005,829</b>

\* Amounts include In-Kind. (Note 6)

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, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,319,448	\$ 1,704,042
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	120,386	103,734
(Gain) Loss on Sale or Disposal of Assets	(1,000)	-
(Increase) Decrease in Assets:		
Grants Receivable	6,529	49,627
Employee Retention Credit Receivable	(818,795)	-
Prepaid Expenses and Other Current Assets	16,527	(16,006)
Increase (Decrease) in Liabilities:		
Accounts Payable	(45,757)	48,738
Accrued Expenses	123,112	7,235
Advances Refundable	9,285	(8,659)
Net Cash (Used for) Provided by Operating Activities	729,735	1,888,711
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Assets	1,000	-
Purchases of Property and Equipment	(148,077)	(171,761)
Net Cash Used by Investing Activities	(147,077)	(171,761)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
None	-	-
Net Cash Used by Financing Activities	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	582,658	1,716,950
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	4,636,603	2,919,653
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 5,219,261	\$ 4,636,603
<b>SUPPLEMENTAL DISCLOSURES</b>		
In-Kind Contributions and Contributed Services	\$ 236,464	\$ 169,741
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, 2022 and 2021**

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. The Organization served over 391,000 and 336,000 meals during the fiscal years ending September 30, 2022 and 2021, respectively.

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

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.

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.

**Meals on Wheels Collin County**  
**Notes to the Financial Statements**  
**September 30, 2022 and 2021**

NOTE 1 – (CONTINUED)

Net Asset Accounting:

As a nonprofit organization, the Organization 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 ASU 2016-14 as follows:

Net assets without donor restrictions – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (the Board) are reported as net assets without donor restrictions, designated.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that are more restrictive than the Organization’s mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Recognition of Donor Restrictions:

The Organization reports gifts of property and equipment as without donor restrictions 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 with donor restrictions support. The Organization reports expirations of donor restrictions when the donated assets are placed in service, unless donor restrictions indicate otherwise. Income from net assets with donor restrictions that are held permanently, is recorded as net assets without donor restriction unless otherwise restricted by the donor.

The Organization has a policy to report donor-restricted contributions whose restrictions are met in the same reporting period as support within net assets without donor-restrictions.

Statement of Cash Flows:

The statement of cash flows is presented using the “indirect method”. For purposes of this 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.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

NOTE 1 – (CONTINUED)

Cash and Cash Equivalents:

The Organization's financial instruments, none of which is held for trading purposes, consist of cash and cash equivalents. The Organization considers all highly liquid investments that are redeemable in 90 days or less to be cash and cash equivalents.

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 a refundable advance. Grants receivable represents unreimbursed expenditures at September 30, 2022 and 2021. 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 annually at up to 80 hours for eligible employees. Accrued vacation is paid upon termination of employment.

Refundable Advances:

Refundable advances are primarily comprised of payments received prior to year end from the Texas Department of Agriculture to provide meals to clients in the following year.

Contributions:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions in which the restrictions are met in the same year as received are recorded as unrestricted contributions in the accompanying statement of activities.



**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

NOTE 1 – (CONTINUED)

Contributions (continued):

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable value. Unconditional promises to give that are expected to be collected after one year or more are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Allocation of Functional Expenses:

The cost of providing the services and other activities of the Organization have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Certain costs are charged directly to the functions they benefit. Other expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include depreciation for common use areas and office equipment which is allocated based on square footage and usage; as well as salaries, payroll taxes, employee benefits, vehicle maintenance and repair, and various others, which are allocated on the basis of estimate of time and effort or some other reasonable basis.

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.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

NOTE 1 – (CONTINUED)

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, 2022 and 2021, 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, 2020, 2021, and 2022 are subject to examination.

Advertising Costs:

Advertising which is primarily for employment and organization promotion is expensed as incurred. Advertising cost totaled \$20,024 and \$9,252 for the years ended September 30, 2022 and 2021, 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, 2022 and 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

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.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

NOTE 1 – (CONTINUED)

Recently Issued Accounting Pronouncements:

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB Accounting Standards Codification. The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance, ASU 2017-13, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, ASU 2019-10, and ASU 2020-05 to increase transparency and comparability of lease recognition and disclosure. The update requires lessees to recognize lease contracts with a term greater than one year on the balance sheet, while recognizing expenses on the income statement in a manner similar to current guidance. For lessors, the update makes targeted changes to the classification criteria and the lessor accounting model to align the guidance with the new lessee model and revenue guidance. The ASUs also will require disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The ASUs also provide for an additional (and optional) transition method by allowing entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The ASUs are effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 31, 2022, with early adoption permitted. The Organization does not plan to adopt the guidance early and is currently evaluating the impact on its financial statements.

In January 2020, the FASB issued ASU 2020-01, Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323 and Topic 815. The amendments in the ASU clarify the interaction of the accounting for equity securities under Topic 321, investments accounted for under the equity method of accounting in Topic 323, and the accounting for certain forward contracts and purchased options accounted for under Topic 815. ASU 2020-01 is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The Organization is currently evaluating the potential impact of adopting this guidance on its financial statements.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

NOTE 1 – (CONTINUED)

Recently Adopted Accounting Pronouncements:

In September 2020, the FASB issued ASU No. 2020-07, “Not-For-Profit Entities” (Topic 958): Presentation And Disclosures By Not-For-Profit Entities For Contributed Nonfinancial Assets. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021. Under the new guidance, contributed nonfinancial assets, including food, used clothing and household items, supplies, pharmaceuticals, medical equipment, intangibles, contributed use of long-lived assets, and contributed services, will be reported as a separate line item on the statement of activities, apart from contributions of cash and other financial assets and early adoption is permitted. The Organization adopted this pronouncement effective October 1, 2021 for the year ended September 30, 2022, with retrospective application for the year ended September 30, 2021 financial statements.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
North Central Texas Council of Governments	\$ 311,981	\$ 346,657
Frisco County	-	4,277
Department on Aging and Disability	40,367	22,297
Employee Retention Credit (ERC)	818,795	-
Other Miscellaneous Receivables	<u>50,791</u>	<u>36,436</u>
Total Grants Receivable	<u>\$ 1,221,934</u>	<u>\$ 409,667</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and Equipment consists of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 87,165	\$ 87,165
Construction-in-Process	15,091	15,091
Building and Improvements	655,307	648,917
Equipment, Furniture and Fixtures	355,273	301,089
Vehicles	514,054	431,645
Less: Accumulated Depreciation	<u>(1,064,514)</u>	<u>(949,221)</u>
Net Property and Equipment	<u>\$ 562,376</u>	<u>\$ 534,686</u>

Depreciation expense was \$120,386 and \$103,734 for the years ended September 30, 2022 and 2021, respectively.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

**NOTE 4 – NETS ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions of \$109,274 and \$264,157, as of September 30, 2022 and 2021, respectively, relates to funds contributed to the Organization and its charitable programs. At September 30, 2022 and 2021, net assets with donor restrictions consisted of the following:

	2022	2021
Capital Improvements	\$ 47,786	\$ 205,049
Congregate Meals	2,500	-
Home Delivered Meals	3,291	59,108
Senior Safety Net	53,197	
Storm Recovery	2,500	-
Total Net Assets with Donor Restrictions	\$ 109,274	\$ 264,157

There were no donor-imposed restrictions perpetual in nature as of September 30, 2022 or 2021.

**NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restriction were \$235,974 and \$443,052 for the years ended September 30, 2022 and 2021, respectively, by incurring expenses satisfying the restricted purposes.

**NOTE 6 – 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, 2022 and 2021:

	2022	2021
Donated Facilities and Utilities	\$128,064	\$ 46,466
Donated Vehicles	22,500	-
Holiday Food Boxes and Gifts	85,900	123,275
Total In-Kind Contributions	\$236,464	\$169,741

In addition, approximately 19,193 and 19,303 of volunteer hours with an estimated value of \$272,270 and \$274,604 were provided to the Organization during the years ended September 30, 2022 and 2021, respectively, of which no revenue has been recognized pursuant to ASC 958-605.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

**NOTE 7 – CONCENTRATIONS OF CREDIT RISK**

The Organization periodically maintains cash balances in excess of federally insured amounts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization has not experienced any losses on uninsured cash balances, and management believes the Organization is not exposed to any significant credit risk related to cash balances. The Organization's uninsured cash balances as of September 30, 2022 and 2021 was approximately \$4,968,665 and \$4,386,384 respectfully.

The Organization received approximately 39 and 37 percent of its funding from governmental agencies during the years ending September 30, 2022 and 2021, 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, 2022 and 2021, approximately 26 percent and 85 percent, respectively, of grants receivables are from one governmental agency.

**NOTE 8 – 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 \$160 and \$36 for the years ended September 30, 2022 and 2021, respectively.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

As of September 30, 2022, the Organization had no lease commitments. Lease expense was \$0 and \$0 for the years ended September 30, 2021 and 2020, respectively.

**NOTE 10 – RENTAL INCOME**

The Organization leases to an unrelated third party a portion of the Organization's wholly-owned building under a three-year lease with rental payments of \$4,450 plus utilities and is due monthly until the lease expires on October 31, 2022.

For the years ending September 30, 2022 and 2021, revenue recorded as rental income was \$57,360 and \$63,848, respectively.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

NOTE 11– LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization’s financial assets available within one year of September 30, 2022 and 2021 for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 5,219,261	\$ 4,636,603
Grants Receivable	403,138	409,667
Employee Retention Credit Receivable	818,795	-
Total Financial Assets at year end:	6,441,194	5,046,270
Less amounts unavailable for general expenditure required to satisfy donor restrictions:	109,274	264,157
Financial Assets available for general expenditures within on year	\$ 6,331,920	\$ 4,782,113

The Organization strives to maintain liquid financial assets sufficient to cover near-term operating needs and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be fulfilled. To achieve this the Organization forecasts its future cash flows and monitors its liquidity monthly. During the years ended September 30, 2022 and 2021, the level of liquidity was managed within the Organization’s expectations.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2022 and 2021**

**NOTE 12 - GRANTS AND CONTRACTS**

Grants and contracts reported in the accompanying financial statements represent 63 and 53 percent of total support and revenue for the years ending September 30, 2022 and 2021, respectively. Details of grants and contracts are as follows:

	<u>2022</u>	<u>2021</u>
Cost Reimbursement Contracts		
City of McKinney CDBG Entitlement Grant	\$ -	\$ -
City of Allen CDBG Entitlement Grant	-	35,000
City of Frisco CDBG Entitlement Grant	25,000	20,000
City of McKinney Community Service Grant	12,871	19,250
City of Plano - Buffington Community Services Grant	58,967	51,891
City of Allen Community Service Grant	30,561	30,000
Texas Department of Agriculture - Home Delivered Meals	194,907	184,995
Grants		
Collin County	24,478	24,478
Covid-19	-	-
United Way Basic Needs Grant	-	20,000
Employee Retention Credit (ERC)	796,047	-
Private Grants	455	1,701
Corp and Foundation Grants	381,801	1,005,534
Unit Cost Reimbursement Contracts		
Texas Department of Aging and Disability (Pass-Through NTCOG):		
Title III C-2 HDM	1,472,556	1,131,164
Title III C-1 Congregate	53,577	152,125
Title III B - Transportation	17,235	6,151
Texas Department of Health and Human Services (Pass-Through):		
Title XX - Home Delivered Meals (HDM)	92,877	90,148
Title XIX - HDM - Molina Health Care of Texas, Inc.	-	9,459
Title XIX HDM - Superior Health Plan, Inc.	-	1,708
Total Grants and Contracts	<u>\$ 3,161,332</u>	<u>\$ 2,783,604</u>

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.



**Meals on Wheels Collin County**  
**Notes to the Financial Statements**  
**September 30, 2022 and 2021**

NOTE 13 – COVID-19

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which could impact the Organization's operations. Mandated and voluntary closings have caused various business disruptions and created volatility in the economy. While these disruptions are currently expected to be temporary, there is considerable uncertainty around the duration or the effect on the stock market. Any related financial impact and duration cannot be reasonably estimated at this time.

NOTE 14 – EMPLOYEE RETENTION CREDIT

The Employee Retention Credit ("ERC") was established in 2020 by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The ERC is a refundable tax credit for business and organizations, that paid employees while they were shut down due to the COVID-19 pandemic or had significant declines in gross receipts for the period between March 13, 2020 and September 30, 2021. Eligible employers can claim the ERC on an original or amended employment tax return for periods within those dates.

In accordance with FASB ASC 958-605 "Not-for-Profit Entities: Revenue Recognition" ("the guidance"), the ERC is considered a nonexchange transaction that is accounted for as a conditional contribution. Conditional contributions are recorded as a receivable and income in the period in which conditions are substantially met. The Organization is eligible for ERC under the CARES Act and conditions were substantially met by September 30, 2022; therefore, a grant receivable and income for the ERC has been recognized at September 30, 2022 for \$796,047, which represents claims for refunds due on the 2020 and 2021 Form 941 Employer Quarterly Federal Tax Returns for the period of March 13, 2020 through March 31, 2020 and the quarters ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021 and September 30, 2021.

NOTE 15 – SUBSEQUENT EVENTS

An evaluation of subsequent events was performed in accordance with ASC 855-10, *Subsequent Events*, through August 25, 2023 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

Email: [fbonn@bonncpa.com](mailto:fbonn@bonncpa.com)  
Cell 214-551-0500

Member American Institute  
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, 2022, 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 25, 2023.

### **Report on 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) as a basis for designing 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 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 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.

Our consideration of 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 consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Meals on Wheels Collin County's financial statements are free from 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 financial statements. 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.



Frank W. Bonn, CPA, PLLC  
Colleyville, Texas  
August 25, 2023

# *Frank W. Bonn CPA, PLLC*

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

Email: [fbonn@bonncpa.com](mailto:fbonn@bonncpa.com)  
Cell 214-551-0500

Member American Institute  
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**

#### ***Opinion on Each Major Federal Program***

We have audited Meals on Wheels Collin County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Meals on Wheels Collin County's major federal programs for the year ended September 30, 2022. 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.

In our opinion, Meals on Wheels Collin County complied, in all material respects, with the types of 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, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Meals on Wheels Collin County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Meals on Wheels Collin County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Meals on Wheels Collin County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Meals on Wheels Collin County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Meals on Wheels Collin County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Meals on Wheels Collin County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Meals on Wheels Collin County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Meals on Wheels Collin County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 a 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Frank W. Bonn, CPA, PLLC

Colleyville, Texas

August 25, 2023

**MEALS ON WHEELS COLLIN COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2022**

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>			
<b><i>CDBG - Entitlement Grants Cluster</i></b>			
Pass-through programs from:			
City of Frisco			
Community Development Block Grants/ Entitlement Grants	14.218	B-15-MC-48-0046	\$ 25,000
City of Allen			
Community Development Block Grants/ Entitlement Grants	14.218	B-20-MC-48-0044	-
City of McKinney			
Community Development Block Grants/ Entitlement Grants	14.218	B-15-MC-48-0043	-
City of Plano			
Community Development Block Grants/ Entitlement Grants	14.218	B-15-MC-48-0035	-
<b><i>Total CDBG - Entitlement Grants Cluster</i></b>			<b>25,000</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>25,000</b>
<u>U.S. Department of Health and Human Services</u>			
<b><i>Aging Cluster</i></b>			
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 Centers	93.044	n/a	17,235
			<b>17,235</b>
Special Programs for the Aging Title III, Part C_ Nutrition Services	93.045	n/a	1,526,133
			<b>1,526,133</b>
Nutrition Services Incentive Program	93.053	n/a	92,877
			<b>92,877</b>
<b><i>Total Aging Cluster</i></b>			<b>1,636,245</b>
<b><i>Medicaid Cluster</i></b>			
Pass-through programs from:			
Molina Healthcare of Texas, Inc. & Superior HealthPlan, Inc.			
Medical Assistance Program	93.778	n/a	-
<b><i>Total Medicaid Cluster</i></b>			<b>-</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>1,636,245</b>
<b>Total Federal Award Expenditures</b>			<b>\$ 1,661,245</b>

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



**Meals on Wheels Collin County**  
**Notes to Schedules of Expenditures of Federal and State Awards**  
**For the Year Ended September 30, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedule”) includes the federal and state grant activity of Meals on Wheels Collin County (the Organization) under programs of the federal and state government for the year ended September 30, 2022. The information in these Schedules 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) and *the State of Texas Single Audit Circular*. Because the Schedules present 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 Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *the State of Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented on the Schedules may differ from amounts presented on the financial statements.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – NONFEDERAL MATCHING REQUIREMENTS

The Organization received pass-through funds from the Texas Health and Human Services Commission that requires that the program receive a nonfederal share equal to 10 percent of total Meals on Wheels Collin County expenses. The Organization used the value of volunteer hours for a total match of \$272,270 to fulfill its matching requirements.

**Meals on Wheels Collin County**  
**Notes to Schedules of Expenditures of Federal and State Awards (Continued)**  
**For the Year Ended September 30, 2022**

NOTE 5 – SUB-RECIPIENTS

The Organization has no sub-recipients.

NOTE 6 – NON-CASH ASSISTANCE

The Organization did not receive any non-cash assistance from federal or state awards for the year ended September 30, 2022.

NOTE 7 – LOANS

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

NOTE 8 – INSURANCE COVERAGE

The Organization maintained insurance in the amount of \$3,000,000 in general liability, \$1,000,000 in D&O Insurance and \$2,000,000 in professional liability coverage during the year ended September 30, 2022.

**Meals on Wheels Collin County  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

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/Statw 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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  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 (Continued)  
For the Year Ended September 30, 2022**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no matters reported.

SECTION III – AWARDS 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, 2021**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no matters reported.

SECTION III – AWARDS FINDINGS AND QUESTIONED COSTS

There were no matters reported.