

**MEALS ON WHEELS  
COLLIN COUNTY**

**FINANCIAL STATEMENTS  
September 30, 2021 and 2020**

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

## TABLE OF CONTENTS

<b>INDEPENDENT AUDITOR’S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position as of September 30, 2021 and 2020	3
Statement of Activities for the Year Ended September 30, 2021	4
Statement of Activities for the Year Ended September 30, 2020	5
Statement of Functional Expenses for the Year Ended September 30, 2021	6-7
Statement of Functional Expenses for the Year Ended September 30, 2020	8-9
Statements of Cash Flows for the Years Ended September 30, 2021 and 2020	10
Notes to Financial Statements	11-23
<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> AND <i>THE STATE OF TEXAS SINGLE AUDIT CIRCULAR</i></b>	27-28
Schedule of Expenditures of Federal Awards	29
Schedule of Expenditures of State 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  
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

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Meals on Wheels Collin County (a nonprofit organization herein referred to as the "Organization"), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels Collin County as of September 30, 2021 and 2020, 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***

### *Other Information – Report on the Schedules of Expenditures of Federal and State Awards*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state 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* and the *State of Texas Single Audit Circular*, are presented for purposes of additional analysis and are 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 3, 2022, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.



Frank W. Bonn, CPA, PLLC  
Colleyville, Texas  
August 3, 2022

**MEALS ON WHEELS COLLIN COUNTY**  
**Statements of Financial Position**  
**As of September 30, 2021 and 2020**

<b>ASSETS</b>		
	2021	2020
Current Assets		
Cash and Cash Equivalents	\$ 4,636,603	\$ 2,919,653
Grants Receivable	409,667	459,294
Prepays and Other Current Assets	52,220	36,214
Total Current Assets	5,098,490	3,415,161
Property and Equipment		
Property and equipment, net of accumulated depreciation of \$949,221 and \$845,487 respectively	534,686	466,659
TOTAL ASSETS	\$ 5,633,176	\$ 3,881,820

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts Payable	\$ 96,722	\$ 47,984
Accrued Salaries and Wages	19,619	10,081
Accrued Vacation	35,540	37,843
Refundable Advances	66,938	75,597
Total Liabilities (all Current)	218,819	171,505
Net Assets		
Without Donor Restriction		
Undesignated	5,150,200	3,652,475
With Donor Restriction		
Time Restricted	264,157	57,840
Total Net Assets	5,414,357	3,710,315
TOTAL LIABILITIES AND NET ASSETS	\$ 5,633,176	\$ 3,881,820

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
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>	\$ 5,150,200	\$ 264,157	\$ 5,414,357

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, 2020**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND PUBLIC SUPPORT</b>			
Grants and Contracts			
Federal Grant Contracts	\$ 1,195,222	\$ -	\$ 1,195,222
State Grant Contracts	190,956	-	190,956
Local Government Grants	107,885	-	107,885
PPP Loan Forgiveness	198,100	-	198,100
United Way Grant	20,000	-	20,000
Other Grants	167,049	180,134	347,183
Total Grants and Contracts	1,879,212	180,134	2,059,346
Contributions	1,407,990	-	1,407,990
Special Fund Raising Events, net of direct donor benefits of \$176	11,794	-	11,794
In-Kind Space and Services	214,552	-	214,552
Other In-Kind Contributions	121,705	-	121,705
Interest and Dividend Income	7,880	-	7,880
Rental Income	78,291	-	78,291
Meal Sales Income	852	-	852
Realized Gains	-	-	-
Other Income	3,072	-	3,072
Gain (Loss) on Sale / Disposal of Fixed Assets	900	-	900
Net Assets Released from Restrictions	147,601	(147,601)	-
Total Revenue and Public Support	3,873,849	32,533	3,906,382
<b>EXPENSES</b>			
Home Delivered Meals	1,481,599	-	1,481,599
Congregate Meals	351,667	-	351,667
Public Transportation	70,753	-	70,753
Senior Safety Net Program	115,054	-	115,054
Total Program Services	2,019,073	-	2,019,073
Management and General	256,503	-	256,503
Fundraising	346,419	-	346,419
Total Expenses	2,621,995	-	2,621,995
<b>CHANGE IN NET ASSETS</b>	1,251,854	32,533	1,284,387
<b>NET ASSETS AT BEGINNING OF YEAR</b>	2,400,621	25,307	2,425,928
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,652,475</u>	<u>\$ 57,840</u>	<u>\$ 3,710,315</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, 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
Printing and Publications	-	-	-	-	-
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
Printing and Publications	-	-	-	-
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**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2020**

	Program Expenses			
	Home	Congregate Meals	Title III-B Transportation	Senior Safety Net
	Delivered Meals			
Salary and Wages	\$ 562,931	\$ 171,310	\$ 38,169	\$ 21,152
Payroll Taxes	42,589	12,907	2,844	1,633
Retirement Contributions	30	5	-	-
Other Employee Benefits	55,117	22,532	1,518	1,198
Total Personnel Costs	660,667	206,754	42,531	23,983
Advertising	-	-	-	-
Bank Charges & Credit Card Fees	-	-	-	-
Client Assistance*	-	-	-	90,264
Conferences, Conventions, & Meetings	58	2	-	-
Depreciation	56,289	5,854	10,555	342
Dues and Subscriptions	-	-	-	-
Equipment Rental & Maintenance	66,222	20,017	4,085	158
Food Costs	475,607	35,411	-	-
Holiday Food and Gifts*	57,714	-	-	-
Insurance	44,473	4,488	6,494	304
Marketing & Promotions	-	-	-	-
Office Supplies	13,737	4,042	817	-
Postage and Shipping	3,700	1,126	214	-
Printing and Publications	-	-	-	-
Professional Fees*	24,868	7,569	1,442	-
Rent*	516	54,909	200	-
Repairs & Maintenance	17,363	4,015	1,491	-
Telephone	6,503	1,979	377	-
Utilities	16,303	3,899	1,323	3
Vehicle Expense	37,579	1,602	1,224	-
Volunteer Recognition and Recruitment	-	-	-	-
TOTAL EXPENSES	<u>\$ 1,481,599</u>	<u>\$ 351,667</u>	<u>\$ 70,753</u>	<u>\$ 115,054</u>

\* 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, 2020**

	Total Program	Management & General	Fundraising	Total
Salary and Wages	\$ 793,562	\$ 98,774	\$ 124,095	\$ 1,016,431
Payroll Taxes	59,973	7,529	9,625	77,127
Retirement Contributions	35	-	-	35
Other Employee Benefits	80,365	5,662	6,254	92,281
Total Personnel Costs	933,935	111,965	139,974	1,185,874
Advertising	-	2,850	17,251	20,101
Bank Charges & Credit Card Fees	-	9,587	6	9,593
Client Assistance*	90,264	727	-	90,991
Conferences, Conventions, & Meetings	60	6,675	1	6,736
Depreciation	73,040	9,738	1,438	84,216
Dues and Subscriptions	-	3,567	-	3,567
Equipment Rental & Maintenance	90,482	2,334	3,897	96,713
Food Costs	511,018	-	-	511,018
Holiday Food and Gifts*	57,714	-	-	57,714
Insurance	55,759	4,948	822	61,529
Marketing & Promotions	-	7,940	26,089	34,029
Office Supplies	18,596	6,131	849	25,576
Postage and Shipping	5,040	574	16,850	22,464
Printing and Publications	-	-	7,186	7,186
Professional Fees*	33,879	57,343	129,625	220,847
Rent*	55,625	110	-	55,735
Repairs & Maintenance	22,869	14,287	1,238	38,394
Telephone	8,859	4,366	377	13,602
Utilities	21,528	8,833	1,010	31,371
Vehicle Expense	40,405	190	(194)	40,401
Volunteer Recognition and Recruitment	-	4,338	-	4,338
<b>TOTAL EXPENSES</b>	<b>\$ 2,019,073</b>	<b>\$ 256,503</b>	<b>\$ 346,419</b>	<b>\$ 2,621,995</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, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,704,042	\$ 1,284,387
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	103,734	84,216
(Gain) Loss on Sale or Disposal of Assets	-	(900)
(Increase) Decrease in Assets:		
Grants Receivable	49,627	(168,816)
Prepaid Expenses and Other Current Assets	(16,006)	(6,580)
Increase (Decrease) in Liabilities:		
Accounts Payable	48,738	(41,281)
Accrued Expenses	7,235	(3,190)
Deferred Revenues	-	(64,241)
Advances Refundable	(8,659)	75,597
Net Cash (Used for) Provided by Operating Activities	1,888,711	1,159,192
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Assets	-	900
Purchases of Property and Equipment	(171,761)	(70,170)
Net Cash Used by Investing Activities	(171,761)	(69,270)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
None	-	-
Net Cash Used by Financing Activities	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,716,950	1,089,922
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,919,653	1,829,731
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 4,636,603	\$ 2,919,653
<b>SUPPLEMENTAL DISCLOSURES</b>		
In-Kind Contributions and Contributed Services	\$ 169,741	\$ 336,257
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, 2021 and 2020**

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 336,000 and 292,000 meals during the fiscal years ending September 30, 2021 and 2020, 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, 2021 and 2020**

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 that 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 nets 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, 2021 and 2020**

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, 2021 and 2020. 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.

Refundable Advances:

Refundable advances are 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.

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, 2021 and 2020**

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, 2021 and 2020**

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, 2021 and 2020, 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, 2019, 2020, and 2021 are subject to examination.

Advertising Costs:

Advertising which is primarily for employment and organization promotion is expensed as incurred. Advertising cost totaled \$9,252 and \$20,101 for the years ended September 30, 2021 and 2020, 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, 2021 and 2020 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, 2021 and 2020**

NOTE 1 – (CONTINUED)

Recently Issued Account Pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- Lease liability, which is a lessee’s obligation to make lease payments arising from a lease measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so users can understand more about the nature of an entity’s leasing activities. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Lessees (for financing and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Meals on Wheels Collin County is currently evaluating the potential impact of adopting this guidance on its financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in the ASU requires financial assets measured at amortized cost basis to be presented as the net amount expected to be collected, which includes a reduction for any expected credit losses. Expected credit losses are to be estimated based on relevant information about past events and reasonable and supportable forecasts. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods thereafter. Meals on Wheels Collin County does not plan to adopt the guidance early and is currently evaluating the impact on its consolidated financial statements.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2021 and 2020**

NOTE 1 – (CONTINUED)

Recently Issued Account Pronouncements (continued):

In August 2018, the FASB issued ASU 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The amendments in the ASU determine which implementation costs to capitalize as an asset and which costs to expense. Additionally, these amendments clarify how the capitalized implementation costs should be presented within the financial statements. ASU 2018-15 is effective for fiscal years beginning after December 15, 2020 and interim periods with fiscal years beginning after December 15, 2021. Meals on Wheels Collin County does not plan to adopt the guidance early and believes the impact of the adoption will not be material to the consolidated 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. Meals on Wheels Collin County does not plan to adopt the guidance early and is currently evaluating the impact on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU are available until December 31, 2022. Meals on Wheels Collin County is currently evaluating the impact on its consolidated financial statements.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2021 and 2020**

NOTE 1 – (CONTINUED)

Recently Issued Account Pronouncements (continued):

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. Meals on Wheels Collin County does not plan to adopt the guidance early and is currently evaluating the impact on its consolidated financial statements.

Recently Adopted Accounting Pronouncements:

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty, should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments in this update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Meals on Wheels Collin County adopted this pronouncement effective October 1, 2020 for the year ended September 30, 2021, with retrospective application for the year ended September 30, 2020 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
North Central Texas Council of Governmants	\$ 346,657	\$ 355,667
Texas Department of Health and Human Services	-	22,254
Frisco County	4,277	20,683
Department on Aging and Disability	22,297	-
Other Miscellaneous Receivables	<u>36,436</u>	<u>60,690</u>
Total Grants Receivable	<u>\$ 409,667</u>	<u>\$ 459,294</u>

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2021 and 2020**

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and Equipment consists of the following at September 30, 2021 and 2020:

	2021	2020
Land	\$ 87,165	\$ 87,165
Construction-in-Process	15,091	10,441
Building and Improvements	648,917	637,618
Equipment, Furniture and Fixtures	301,089	275,961
Vehicles	431,645	300,961
Less: Accumulated Depreciation	(949,221)	(845,487)
Net Property, Plant and Equipment	\$ 534,686	\$ 466,659

Depreciation expense was \$103,734 and \$84,216 for the years ended September 30, 2021 and 2020, respectively.

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

Net assets with donor restrictions of \$264,157 and \$57,840, as of September 30, 2021 and 2020, respectively, relates to funds contributed to the Organization and its charitable programs. At September 30, 2021 and 2020, net assets with donor restrictions consisted of the following:

	2021	2020
Capital Improvements	\$ 205,049	\$ 2,411
Home Delivered Meals	59,108	55,000
Senior Safety Net	-	429
	\$ 264,157	\$ 57,840

There were no donor-imposed restrictions perpetual in nature as of September 30, 2021 or 2020.

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

Net assets released from donor restriction were \$443,052 and \$147,601 for the years ended September 30, 2021 and 2020, respectively, by incurring expenses satisfying the restricted purposes.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2021 and 2020**

**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, 2021 and 2020:

	2021	2020
Donated Facilities and Utilities	\$ 46,466	\$ 55,625
Holiday Food Boxes and Gifts	123,275	121,705
Professional Services	-	158,927
	\$ 169,741	\$ 336,257

In addition, approximately 19,303 and 15,872 of volunteer hours with an estimated value of \$274,604 and \$248,369 were provided to the Organization during the years ended September 30, 2021 and 2020, respectively, of which no revenue has been recognized pursuant to ASC 958-605.

**NOTE 7 – CONCENTRATIONS**

The Organization received approximately 37 and 43 percent of its funding from governmental agencies during the years ending September 30, 2021 and 2020, 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, 2021 and 2020, approximately 85 percent and 77 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 \$36 and \$35 for the years ended September 30, 2021 and 2020, respectively.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2021 and 2020**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

As of September 30, 2020, the Organization had a copier lease commitment for three office copiers that expired on April 30, 2020. As of September 30, 2021 there were no leases. Lease expense was \$0.00 and \$11,846 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.

The Organization leases to an unrelated third party a portion of the Organization’s wholly-owned building under a one-year lease agreement with rental payments of \$1,800 due monthly until the lease expires on January 31, 2021 and was not renewed.

For the years ending September 30, 2021 and 2020, revenue recorded as rental income was \$63,848 and \$78,291, respectively.

**NOTE 11– LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Organization’s financial assets available within one year of September 30, 2021 and 2020 for general expenditures are as follows:

	2021	2020
Financial Assets at year end:		
Cash and Cash Equivalents	\$4,636,603	\$2,919,653
Grants Receivable	409,667	459,294
Total Financial Assets at year end:	5,046,270	3,378,947
Less amounts unavailable for general expenditure:		
Required to satisfy donar restrictions	264,157	57,840
Financial Assets available for general expenditures within one year	\$4,782,113	\$3,321,107

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, 2021 and 2020, the level of liquidity was managed within the Organization’s expectations.

**Meals on Wheels Collin County  
Notes to the Financial Statements  
September 30, 2021 and 2020**

**NOTE 12 - GRANTS AND CONTRACTS**

Grants and contracts reported in the accompanying financial statements represent 59 and 53 percent of total support and revenue for the years ending September 30, 2021 and 2020, respectively. Details of grants and contracts are as follows:

	<u>2021</u>	<u>2020</u>
<b>Cost Reimbursement Contracts</b>		
City of McKinney CDBG Entitlement Grant	\$ -	\$ 14,181
City of Allen CDBG Entitlement Grant	35,000	-
City of Frisco CDBG Entitlement Grant	20,000	38,018
City of McKinney Community Service Grant	19,250	10,000
City of Plano - Buffington Community Services Grant	51,891	43,407
City of Allen Community Service Grant	30,000	30,000
Texas Department of Agriculture - Home Delivered Meals	184,995	190,956
<b>Grants</b>		
Collin County	24,478	24,478
Covid-19	-	198,100
United Way Basic Needs Grant	20,000	20,000
Private Grants	1,701	-
Corporate and Foundation Grants	1,005,534	347,183
<b>Unit Cost Reimbursement Contracts</b>		
Texas Department of Aging (Pass-Through NTCOG):		
Title III C-2 - HDM	1,131,164	927,759
Title III C-1 - Congregate Meals	152,125	104,065
Title III B - Transportation	6,151	17,712
Texas Department of Health and Human Services		
Pass Through:		
Title XX - Home Delivered Meals (HDM)	90,148	74,319
Title XIX HDM - Molina Health Care of Texas, Inc	9,459	13,946
Title XIX HDM - Superior Health Plan, Inc.	1,708	5,222
Total Grants and Contracts	<u>\$ 2,783,604</u>	<u>\$ 2,059,346</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, 2021 and 2020**

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 – Payroll Protection Program Loan

During the year ended September 30, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$198,100 from the Small Business Administration as part of the CARES Act passed during the year to assist small businesses and non-profits affected by measures instituted in response to the COVID-19 pandemic. As of September 30, 2020, \$198,100 was expended according to the time and purpose restrictions defined by the PPP. As of September 30, 2020 it was reasonably certain the full amount of the loan would be forgiven. Therefore, it has been recognized as revenue in the statement of activities. In February 2021, the Organization applied for and received 100% forgiveness of the PPP loan.

NOTE 15 – SUBSEQUENT EVENTS

An evaluation of subsequent events was performed in accordance with ASC 855-10, *Subsequent Events*, through August 3, 2022 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, 2021, 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 3, 2022.

### ***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.



Frank W. Bonn, CPA, PLLC  
Colleyville, Texas  
August 3, 2022

# 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 and State 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 and state programs for the year ended September 30, 2021. Meals on Wheels Collin County's major federal and state 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 and state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Meals on Wheels Collin County's major federal and state 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) and *the State of Texas Single Audit Circular*. Those standards, Uniform Guidance and *the State of Texas Single Audit Circular* 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 and state 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 and state program. However, our audit does not provide a legal determination of Meals on Wheels Collin County's compliance.

### ***Opinion on Each Major Federal and State 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 and state programs for the year ended September 30, 2021.

### ***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 and state 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 and state 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 and state 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 and state 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 and state 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 3, 2022

**MEALS ON WHEELS COLLIN COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2021**

<b>FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING #</b>	<b>FEDERAL EXPENDITURES</b>
<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	3198052	\$ 20,000
City of Allen			
Community Development Block Grants/ Entitlement Grants	14.218	B-20-MC-48-0044	35,000
<b><i>Total CDBG - Entitlement Grants Cluster</i></b>			<b><u>55,000</u></b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>55,000</u></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 Cen	93.044	n/a	6,151
Special Programs for the Aging Title III, Part C_ Nutrition Services	93.045	n/a	1,283,289
Texas Department of Health and Human Services Nutrition Services Incentive Program	93.053	n/a	90,148
<b><i>Total Aging Cluster</i></b>			<b><u>1,379,588</u></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	11,167
<b><i>Total Medicaid Cluster</i></b>			<b><u>11,167</u></b>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>1,390,755</u></b>
<b>Total Federal Award Expenditures</b>			<b><u>\$ 1,445,755</u></b>

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

**MEALS ON WHEELS COLLIN COUNTY**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended September 30, 2021**

STATE GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING #	STATE EXPENDITURES
<u>Texas Department of Agriculture</u>		
Texans Feeding Texans - Home Delivered Meal Grant Program	n/a	\$ 184,955
<b>Total Texas Department of Agriculture</b>		<b>184,955</b>
<b>Total State Award Expenditures</b>		<b>\$ 184,955</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, 2021**

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, 2021. 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 in-kind rent from congregate sites and the value of volunteer hours for a total match of \$178,571 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, 2021**

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, 2021.

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, 2021.

**Meals on Wheels Collin County  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2021**

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, 2021**

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.