

**MEALS ON WHEELS
COLLIN COUNTY**

**FINANCIAL STATEMENTS
September 30, 2020 and 2019**

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

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position As of September 30, 2020 and 2019	3
Statement of Activities for the Year Ended September 30, 2020	4
Statement of Activities for the Year Ended September 30, 2019	5
Statement of Functional Expenses for the Year Ended September 30, 2020	6-7
Statement of Functional Expenses for the Year Ended September 30, 2019	8-9
Statements of Cash Flows for the Years Ended September 30, 2020 and 2019	10
Notes to Financial Statements	11-23
SINGLE AUDIT INFORMATION	24
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>	25-26
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 SINIGLE AUDIT CIRCULAR</i>	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
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, 2020 and 2019, 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, 2020 and 2019, 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 November 8, 2021, 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
November 8, 2021

MEALS ON WHEELS COLLIN COUNTY
Statements of Financial Position
As of September 30, 2020 and 2019

ASSETS		
	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 2,919,653	\$ 1,829,731
Grants Receivable	459,294	290,478
Prepays and Other Current Assets	36,214	29,634
Total Current Assets	3,415,161	2,149,843
Property and Equipment		
Property and equipment, net of accumulated depreciation of \$845,487 and \$775,859 respectively	466,659	480,705
TOTAL ASSETS	\$ 3,881,820	\$ 2,630,548
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 47,984	\$ 89,265
Accrued Salaries and Wages	10,081	30,110
Accrued Vacation	37,843	21,004
Deferred Revenue	-	64,241
Advances Refundable	75,597	-
Total Liabilities (all Current)	171,505	204,620
Net Assets		
Without Donor Restriction		
Undesignated	3,652,475	2,400,621
With Donor Restriction		
Time Restricted	57,840	25,307
Total Net Assets	3,710,315	2,425,928
TOTAL LIABILITIES AND NET ASSETS	\$ 3,881,820	\$ 2,630,548

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
REVENUE AND PUBLIC SUPPORT			
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 Income	7,880	-	7,880
Rental Income	78,291	-	78,291
Meal Sales Income	852	-	852
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
EXPENSES			
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
CHANGE IN NET ASSETS	1,251,854	32,533	1,284,387
NET ASSETS AT BEGINNING OF YEAR	2,400,621	25,307	2,425,928
NET ASSETS AT END OF YEAR	\$ 3,652,475	\$ 57,840	\$ 3,710,315

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, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND PUBLIC SUPPORT			
Grants and Contracts			
Federal Grant Contracts	\$ 1,120,982	\$ -	\$ 1,120,982
State Grant Contracts	154,696	-	154,696
Local Government Grants	94,279	-	94,279
PPP Loan Forgiveness	-	-	-
United Way Grant	-	20,000	20,000
Other Grants	247,499	55,000	302,499
Total Grants and Contracts	<u>1,617,456</u>	<u>75,000</u>	<u>1,692,456</u>
Contributions	2,206,105	-	2,206,105
Special Fund Raising Events, net of direct donor benefits of \$17,150	57,674	-	57,674
In-Kind Space and Services	174,047	-	174,047
Other In-Kind Contributions	110,946	-	110,946
Interest Income	5,606	-	5,606
Rental Income	67,292	-	67,292
Meal Sales Income	1,150	-	1,150
Other Income	-	-	-
Gain (Loss) on Sale / Disposal of Fixed Assets	8,052	-	8,052
Net Assets Released from Restrictions	84,693	(84,693)	-
Total Revenue and Public Support	<u>3,063,621</u>	<u>(9,693)</u>	<u>3,053,928</u>
EXPENSES			
Home Delivered Meals	1,289,758	-	1,289,758
Congregate Meals	376,737	-	376,737
Public Transportation	73,195	-	73,195
Senior Safety Net Program	158,132	-	158,132
Total Program Services	<u>1,897,822</u>	<u>-</u>	<u>1,897,822</u>
Management and General	213,889	-	213,889
Fundraising	275,972	-	275,972
Total Expenses	<u>2,387,683</u>	<u>-</u>	<u>2,387,683</u>
CHANGE IN NET ASSETS	675,938	(9,693)	666,245
NET ASSETS AT BEGINNING OF YEAR	<u>1,724,683</u>	<u>35,000</u>	<u>1,759,683</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,400,621</u>	<u>\$ 25,307</u>	<u>\$ 2,425,928</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, 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	\$ 1,481,599	\$ 351,667	\$ 70,753	\$ 115,054

* 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
TOTAL EXPENSES	\$ 2,019,073	\$ 256,503	\$ 346,419	\$ 2,621,995

* 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, 2019

	Program Expenses			
	Home	Congregate Meals	Title III-B Transportation	Senior Safety Net
	Delivered Meals			
Salary and Wages	\$ 507,510	\$ 131,699	\$ 42,991	\$ 17,816
Payroll Taxes	36,913	9,727	3,064	1,329
Retirement Contributions	25	4	-	-
Other Employee Benefits	59,857	9,405	2,247	1,321
Total Personnel Costs	604,305	150,835	48,302	20,466
Advertising	-	-	-	-
Bank Charges & Credit Card Fees	-	-	-	-
Client Assistance*	-	-	-	25,997
Conferences, Conventions, & Meetings	1,378	117	-	2
Depreciation	44,944	5,165	7,086	330
Dues and Subscriptions	-	-	-	-
Equipment Rental & Maintenance	49,504	15,206	2,977	218
Food Costs	434,357	42,881	4	-
Holiday Food and Gifts*	50	-	-	110,896
Insurance	37,185	4,248	3,436	-
Marketing & Promotions	-	-	-	-
Office Supplies	9,582	2,942	579	38
Postage and Shipping	3,357	1,039	206	21
Printing and Publications	-	-	-	-
Professional Fees*	35,711	10,869	2,070	-
Rent*	-	133,992	-	-
Repairs & Maintenance	11,892	2,684	999	24
Telephone	5,119	1,587	304	40
Utilities	14,969	3,569	1,219	11
Vehicle Expense	38,115	1,622	6,011	-
Volunteer Recognition and Recruitment	42	13	2	89
TOTAL EXPENSES	\$ 1,289,758	\$ 376,737	\$ 73,195	\$ 158,132

* 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, 2019

	Total Program	Management & General	Fundraising	Total
Salary and Wages	\$ 700,016	\$ 77,325	\$ 79,181	\$ 856,522
Payroll Taxes	51,033	2,157	5,928	59,118
Retirement Contributions	29	-	-	29
Other Employee Benefits	72,830	6,177	4,499	83,506
Contract Staff	-	-	-	-
Total Personnel Costs	823,908	85,659	89,608	999,175
Advertising	-	3,423	14,013	17,436
Bank Charges & Credit Card Fees	-	5,987	-	5,987
Client Assistance*	25,997	890	-	26,887
Conferences, Conventions, & Meetings	1,497	8,951	151	10,599
Depreciation	57,525	9,522	1,286	68,333
Dues and Subscriptions	-	3,245	738	3,983
Equipment Rental & Maintenance	67,905	1,439	2,660	72,004
Food Costs	477,242	20	22	477,284
Holiday Food and Gifts*	110,946	-	-	110,946
Insurance	44,869	4,909	929	50,707
Marketing & Promotions	-	7,185	45,607	52,792
Office Supplies	13,141	1,573	528	15,242
Postage and Shipping	4,623	176	19,906	24,705
Printing and Publications	-	-	22,874	22,874
Professional Fees*	48,650	54,326	75,109	178,085
Rent*	133,992	330	-	134,322
Repairs & Maintenance	15,599	7,150	1,232	23,981
Telephone	7,050	3,177	259	10,486
Utilities	19,768	8,001	930	28,699
Vehicle Expense	45,748	522	430	46,700
Volunteer Recognition and Recruitment	146	7,584	(277)	7,453
TOTAL EXPENSES	\$ 1,897,822	\$ 213,889	\$ 275,972	\$ 2,387,683

* Amounts include In-Kind. (Note 7)

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

MEALS ON WHEELS COLLIN COUNTY
Statements of Cash Flows
For the Years Ended September 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,284,387	\$ 666,245
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	84,216	68,333
(Gain) Loss on Sale or Disposal of Assets	(900)	(8,052)
(Increase) Decrease in Assets:		
Grants Receivable	(168,816)	23,601
Prepaid Expenses and Other Current Assets	(6,580)	(22,510)
Increase (Decrease) in Liabilities:		
Accounts Payable	(41,281)	1,731
Accrued Expenses	(3,190)	(6,141)
Deferred Revenues	(64,241)	13,549
Advances Refundable	75,597	-
Net Cash (Used for) Provided by Operating Activities	1,159,192	736,756
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Assets	900	8,052
Purchases of Property and Equipment	(70,170)	(88,874)
Net Cash Used by Investing Activities	(69,270)	(80,822)
 CASH FLOWS FROM FINANCING ACTIVITIES		
None	-	-
Net Cash Used by Financing Activities	-	-
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,089,922	655,934
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,829,731	1,173,797
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,919,653	\$ 1,829,731
 SUPPLEMENTAL DISCLOSURES		
 In-Kind Contributions and Contributed Services	\$ 336,257	\$ 284,993
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, 2020 and 2019**

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 292,000 and 298,000 meals during the fiscal years ending September 30, 2020 and 2019, 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, 2020 and 2019**

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, 2020 and 2019**

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 deferred revenue. Grants receivable represents unreimbursed expenditures at September 30, 2020 and 2019. An allowance for doubtful accounts is established when deemed appropriate.

Property and Equipment:

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

Accrued Vacation:

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

Deferred Revenue:

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

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, 2020 and 2019**

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, 2020 and 2019**

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, 2020 and 2019, 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, 2018, 2019, and 2020 are subject to examination.

Advertising Costs:

Advertising which is primarily for employment and organization promotion is expensed as incurred. Advertising cost totaled \$20,101 and \$17,436 for the years ended September 30, 2020 and 2019, 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, 2020 and 2019 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, 2020 and 2019**

NOTE 1 – (CONTINUED)

Recently Issued Account Pronouncements:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly.

Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* which defers the effective date of ASU 2016-02 (Topic 842) to fiscal years beginning after December 15, 2021. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services and establishes a 5-step process to determine when performance obligations are satisfied and revenue is recognized. ASU 2014-09 (Topic 606) replaced most of the existing revenue recognition guidance in U.S. GAAP when it became effective and permitted the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 (Topic 606) by one year. Not-for-profit organizations should apply the guidance in ASU 2014-09 (Topic 606) to annual reporting periods beginning after December 15, 2018. The Organization adopted this pronouncement effective October 1, 2019 for the year ended September 30, 2020, with retrospective application for the year ended September 30, 2019 financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flow (Topic 230)*. This update is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2020 and 2019**

NOTE 1 – (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued):

The update provides new guidance regarding the classification of debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, distributions received from equity method investments, beneficial interests in securitized transactions, and separately identifiable cash flows and application of the predominance principle.

This standard was effective for financial statements issued by not-for-profit organizations for annual periods beginning after December 15, 2018. The Organization adopted this pronouncement effective October 1, 2019 for the year ended September 30, 2020, with retrospective application for the year ended September 30, 2019 financial statements.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash, a consensus of the FASB Emerging Issues Task Force (Topic 230)*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The updated guidance will result in a change in the cash flow statement to include restricted cash and restricted cash equivalents. The updated guidance was effective for annual periods beginning after December 15, 2018. The Organization adopted this pronouncement effective October 1, 2019 for the year ended September 31, 2020, with retrospective application for the year ended September 30, 2019 financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update were effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity services as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource provider.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2020 and 2019**

NOTE 1 – (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued):

The Organization adopted this pronouncement effective October 1, 2019 for the year ended September 30, 2020. The change in accounting principle was adopted on a modified prospective basis in fiscal year ending September 30, 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of September 30, 2020. There was no effect of adopting the new accounting principle in 2020.

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 updated guidance was effective for annual periods beginning after December 15, 2018. The Organization adopted this pronouncement effective October 1, 2019 for the year ended September 30, 2020, with retrospective application for the year ended September 30, 2019 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
North Central Texas Council of Governmants	\$355,667	\$250,040
Texas Department of Health and Human Services	22,254	12,959
Frisco County	20,683	2,908
Other Miscellaneous Receivables	<u>60,690</u>	<u>24,571</u>
Total Grants Receivable	<u>\$459,294</u>	<u>\$290,478</u>

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2020 and 2019**

NOTE 3 – PROPERTY AND EQUIPMENT

Property and Equipment consists of the following at September 30, 2020 and 2019:

	2020	2019
Land	\$ 87,165	\$ 87,165
Construction-in-Process	10,441	-
Building and Improvements	637,618	635,223
Equipment, Furniture and Fixtures	275,961	255,448
Vehicles	300,961	278,728
Less: Accumulated Depreciation	(845,487)	(775,859)
Net Property, Plant and Equipment	\$ 466,659	\$ 480,705

Depreciation expense was \$84,216 and \$68,333 for the years ended September 30, 2020 and 2019, respectively.

NOTE 4 – NETS ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$57,840 and \$25,307, as of September 30, 2020 and 2019, respectively, relates to funds contributed to the Organization and its charitable programs. At September 30, 2020 and 2019, net assets with donor restrictions consisted of the following:

	2020	2019
Capital Improvements	\$ 2,411	\$ 4,716
Home Delivered Meals	55,000	20,000
Senior Safety Net	429	591
	\$57,840	\$25,307

There were no donor-imposed restrictions perpetual in nature as of September 30, 2020 or 2019.

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restriction were \$147,601 and \$84,693 for the years ended September 30, 2020 and 2019, respectively, by incurring expenses satisfying the restricted purposes.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2020 and 2019**

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, 2020 and 2019:

	2020	2019
Donated Facilities and Utilities	\$ 55,625	\$ 133,992
Holiday Food Boxes and Gifts	121,705	110,946
Professional Services	158,927	40,055
	\$ 336,257	\$ 284,993

In addition, approximately 15,872 and 21,035 of volunteer hours with an estimated value of \$248,369 and \$303,401 were provided to the Organization during the years ended September 30, 2020 and 2019, respectively, of which no revenue has been recognized pursuant to ASC 958-605.

NOTE 7 – CONCENTRATIONS

The Organization received approximately 53 and 55 percent of its funding from governmental agencies during the years ending September 30, 2020 and 2019, 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, 2020 and 2019, approximately 77 percent and 86 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 \$35 and \$29 for the years ended September 30, 2020 and 2019, respectively.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2020 and 2019**

NOTE 9 – COMMITMENTS AND CONTINGENCIES

At September 30, 2019, the Organization had a copier lease commitment for three office copiers that expired on April 30, 2020. As of September 30, 2020, there were no leases in effect.

Lease expense was \$11,846 and \$15,221 for the years ended September 30, 2020 and 2019, 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.

For the years ending September 30, 2020 and 2019, revenue recorded as rental income was \$78,291 and \$67,292, respectively.

NOTE 11– LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization’s financial assets available within one year of September 30, 2020 and 2019 for general expenditures are as follows:

Financial Assets at year end:	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$2,919,653	\$1,829,731
Grants Receivable	<u>459,294</u>	<u>290,478</u>
Total Financial Assets at year end:	3,378,947	2,120,209
Less amounts unavailable for general expenditure:		
Required to satisfy donor restrictions	<u>57,840</u>	<u>25,307</u>
Financial assets available for general expenditures within one year	<u>\$3,321,107</u>	<u>\$2,094,902</u>

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, 2020 and 2019, the level of liquidity was managed within the Organization’s expectations.

**Meals on Wheels Collin County
Notes to the Financial Statements
September 30, 2020 and 2019**

NOTE 12 - GRANTS AND CONTRACTS

Grants and contracts reported in the accompanying financial statements represent 53 and 55 percent of total support and revenue for the years ending September 30, 2020 and 2019, respectively. Details of grants and contracts are as follows:

	<u>2020</u>	<u>2019</u>
Cost Reimbursement Contracts		
City of McKinney CDBG Entitlement Grant	\$ 14,181	\$ 18,886
City of Frisco CDBG Entitlement Grant	38,018	20,000
City of McKinney Community Service Grant	10,000	9,796
City of Plano - Buffington Community Services Grant	43,407	35,005
City of Allen Community Service Grant	30,000	25,000
Texas Department of Agriculture - Home Delivered Meals	190,956	154,696
Grants		
Collin County	24,478	24,478
Covid-19	198,100	-
United Way Basic Needs Grant	20,000	20,000
Corporate and Foundation Grants	347,183	302,499
Unit Cost Reimbursement Contracts		
Texas Department of Aging (Pass-Through NTCOG):		
Title III C-2 - HDM	927,759	814,400
Title III C-1 - Congregate Meals	104,065	155,630
Title III B - Transportation	17,712	37,505
Texas Department of Health and Human Services		
Pass Through:		
Title XX - Home Delivered Meals (HDM)	74,319	55,273
Title XIX HDM - Molina Health Care of Texas, Inc	13,946	13,849
Title XIX HDM - Superior Health Plan, Inc.	5,222	5,439
Total Grants and Contracts	<u>\$ 2,059,346</u>	<u>\$ 1,692,456</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, 2020 and 2019

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. Subsequent to September 30, 2020, the Organization applied for and received 100% forgiveness of the PPP loan in February 2021.

NOTE 15 – RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported results of operations.

NOTE 16 – SUBSEQUENT EVENTS

An evaluation of subsequent events was performed in accordance with ASC 855-10, *Subsequent Events*, through November 8, 2021 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
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, 2020, 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 November 8, 2021.

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
November 8, 2021

Frank W. Bonn CPA, PLLC

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

Email: 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, 2020. 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, 2020.

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
November 8, 2021

MEALS ON WHEELS COLLIN COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING #	FEDERAL EXPENDITURES
<u>U.S. Department of Housing and Urban Development</u>			
<i>CDBG - Entitlement Grants Cluster</i>			
Pass-through programs from:			
City of Frisco			
Community Development Block Grants/ Entitlement Grants	14.218	B-15-MC-48-0046	\$ 38,018
City of McKinney			
Community Development Block Grants/ Entitlement Grants	14.218	B-18-MC-48-0043	<u>14,181</u>
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>52,199</u>
Total U.S. Department of Housing and Urban Development			<u>52,199</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Aging Cluster</i>			
Pass-through programs from:			
North Central Texas Council of Governments			
Area Agency on Aging			
Special Programs for the Aging Title III, Part B_ Grants for Supportive Services and Senior Cent	93.044	n/a	17,712
Special Programs for the Aging Title III, Part C_ Nutrition Services	93.045	n/a	1,031,824
Texas Department of Health and Human Services			
Nutrition Services Incentive Program	93.053	n/a	<u>74,319</u>
<i>Total Aging Cluster</i>			<u>1,123,855</u>
<i>Medicaid Cluster</i>			
Pass-through programs from:			
Molina Healthcare of Texas, Inc. & Superior HealthPlan, Inc.			
Medical Assistance Program	93.778	n/a	<u>19,168</u>
<i>Total Medicaid Cluster</i>			<u>19,168</u>
Total U.S. Department of Health and Human Services			<u>1,143,023</u>
Total Federal Award Expenditures			<u>\$ 1,195,222</u>

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, 2020

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	\$ 190,956
Total Texas Department of Agriculture		190,956
Total State Award Expenditures		\$ 190,956

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, 2020

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, 2020. 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 \$121,705 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, 2020

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, 2020.

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, 2020.

**Meals on Wheels Collin County
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020**

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, 2020**

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, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no matters reported.

SECTION III – AWARDS FINDINGS AND QUESTIONED COSTS

There were no matters reported.