

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

MEALS ON WHEELS AND MORE, INC.
 dba MEALS ON WHEELS CENTRAL TEXAS
 AND RELATED ENTITIES
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Independent Auditors' Report

Board of Directors
Meals on Wheels and More, Inc. dba
Meals on Wheels Central Texas and Related Entities
Austin, Texas

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Meals on Wheels and More, Inc., dba Meals on Wheels Central Texas, and related entities (the Organizations), which comprise the combined statements of financial position as of September 30, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of September 30, 2019 and 2018, and the combined changes in their net assets and their combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statement of financial position as of September 30, 2019, and the combining statement of activities for the year then ended are presented for the purpose of additional analysis and are not required parts of the financial statements. The Schedules of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular*, are presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 March 24, 2020, on our consideration of Meals on Wheels Central Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meals on Wheels Central Texas' internal control over financial reporting and compliance.

Atchley & Associates, LLP

Austin, Texas

March 24, 2020

FINANCIAL STATEMENTS

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,375,774	\$ 2,968,625
Investments	1,233,567	1,190,623
Receivables		
Grants and Contracts, net of allowance	1,416,972	1,634,703
Other	5,284	5,501
Prepaid Items and Other Current Assets	139,854	263,047
Total Current Assets	6,171,451	6,062,499
Non-Current Assets		
Fixed Assets, net	5,574,294	5,681,189
Total Non-Current Assets	5,574,294	5,681,189
TOTAL ASSETS	\$ 11,745,745	\$ 11,743,688
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 673,014	\$ 594,205
Accrued Payroll Liabilities	294,357	243,143
Liability for Compensated Absences	179,376	161,549
Deferred Revenue	638,722	386,791
Current Portion of Long-Term Debt	124,762	95,672
Total Current Liabilities	1,910,231	1,481,360
Non-Current Liabilities		
Long-Term Debt	2,345,490	2,493,962
Total Non-Current Liabilities	2,345,490	2,493,962
Total Liabilities	4,255,721	3,975,322
Net Assets		
Without Donor Restrictions		
Undesignated	6,342,996	6,597,451
Designated for Debt	28,889	119,326
Total Without Donor Restrictions	6,371,885	6,716,777
Net Assets With Donor Restrictions		
Time or Purpose	118,139	51,589
In Perpetuity	1,000,000	1,000,000
Total Net Assets	7,490,024	7,768,366
TOTAL LIABILITIES AND NET ASSETS	\$ 11,745,745	\$ 11,743,688

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

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NET ASSETS WITHOUT DONOR RESTRICTIONS	2019	2018
Support and Revenue		
Grants and Contracts	\$ 13,123,485	\$ 12,283,250
Public Contributions	3,552,888	2,774,746
United Way	12,901	14,190
Other Revenue	87,986	69,367
Net Assets Released from Restrictions	812,934	516,872
Total Support and Revenue	17,590,194	15,658,425
Expenses		
Program Services	15,414,501	13,717,309
Management and General	1,374,978	1,353,621
Development Fundraising	1,160,583	999,907
Total Expenses	17,950,062	16,070,837
Revenues Over (Under) Expenses	(359,868)	(412,412)
Other Revenues and Expenses		
Investment Return, Net	15,930	31,350
Gain (Loss) on Disposal of Fixed Assets	(954)	(13,380)
Total Other Revenues and Expenses	14,976	17,970
Change in Net Assets Without Donor Restrictions	(344,892)	(394,442)
NET ASSETS WITH DONOR RESTRICTIONS		
Time or Purpose		
Support and Revenue		
Grants and Contracts	846,109	512,872
Investment Return, Net	33,375	45,722
Net Assets Released from Restrictions	(812,934)	(516,872)
Increase (Decrease) in Net Assets with Donor Restrictions - Time or Purpose	66,550	41,722
In Perpetuity		
Support and Revenue		
Public Contributions	-	-
Increase (Decrease) in Net Assets with Donor Restrictions - In Perpetuity	-	-
Increase (Decrease) in Net Assets	(278,342)	(352,720)
Net Assets, Beginning of Year	7,768,366	8,121,086
NET ASSETS, END OF YEAR	\$ 7,490,024	\$ 7,768,366

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

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	Program Services			Total
	Meal Programs	Home Repair	Client Assistance and Other	
EXPENSES				
Salaries	\$ 2,471,570	\$ 453,952	\$ 387,229	\$ 3,312,751
Payroll Taxes and Benefits	620,230	78,479	109,833	808,542
Total Personnel	<u>3,091,800</u>	<u>532,431</u>	<u>497,062</u>	<u>4,121,293</u>
Computer Software	55,044	5,721	7,400	68,165
Conferences/Training/Travel	17,915	6,888	2,739	27,542
Dues and Subscriptions	5,596	568	1,169	7,333
Equipment Maintenance	37,984	1,401	1,586	40,971
Grants to Other Agencies	-	-	-	-
Home Repair Construction Costs	-	4,195,206	-	4,195,206
Insurance	79,820	13,746	12,832	106,398
Interest	62,989	10,847	10,127	83,963
Miscellaneous	37,502	3,341	4,605	45,448
Occupancy	124,328	14,438	15,644	154,410
Postage	30,290	1,428	1,745	33,463
Printing	70,367	18,038	8,471	96,876
Professional Fees	47,441	3,066	31,117	81,624
Promotional	1,465	245	55	1,765
Recipient Meal Costs	1,825,363	-	6,895	1,832,258
Service Delivery and Mileage	147,630	17,198	5,891	170,719
Supplies	62,902	26,350	138,427	227,679
Telephone	35,015	6,030	5,629	46,674
Utilities	69,930	12,042	11,242	93,214
Volunteer Recognition/Recruitment	20,972	-	3,974	24,946
Total Expenses Before Depreciation	<u>5,824,353</u>	<u>4,868,984</u>	<u>766,610</u>	<u>11,459,947</u>
Depreciation	<u>393,563</u>	<u>29,137</u>	<u>39,133</u>	<u>461,833</u>
TOTAL EXPENSES	<u><u>\$ 6,217,916</u></u>	<u><u>\$ 4,898,121</u></u>	<u><u>\$ 805,743</u></u>	<u><u>\$ 11,921,780</u></u>

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

Support Services			
Management and General	Development Fundraising	Total	MOWCT Totals
\$ 783,110	\$ 536,089	\$ 1,319,199	\$ 4,631,950
163,471	99,498	262,969	1,071,511
<u>946,581</u>	<u>635,587</u>	<u>1,582,168</u>	<u>5,703,461</u>
4,061	10,545	14,606	82,771
-	42,419	42,419	69,961
240	561	801	8,134
-	14,297	14,297	55,268
-	-	-	-
-	-	-	4,195,206
19,839	20,521	40,360	146,758
15,514	16,194	31,708	115,671
379	27,103	27,482	72,930
-	14,280	14,280	168,690
-	86,570	86,570	120,033
268	103,503	103,771	200,647
7,024	77,456	84,480	166,104
1,244	64,862	66,106	67,871
-	-	-	1,832,258
-	1,218	1,218	171,937
564	3,993	4,557	232,236
8,624	9,002	17,626	64,300
17,046	17,978	35,024	128,238
-	-	-	24,946
<u>1,021,384</u>	<u>1,146,089</u>	<u>2,167,473</u>	<u>13,627,420</u>
<u>14,493</u>	<u>14,494</u>	<u>28,987</u>	<u>490,820</u>
<u>\$ 1,035,877</u>	<u>\$ 1,160,583</u>	<u>\$ 2,196,460</u>	<u>\$ 14,118,240</u>

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

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
YEAR ENDED SEPTEMBER 30, 2019

	MOWCTX In-Home Care			
	Program Services	Management and General	Development Fundraising	In-Home Totals
EXPENSES				
Salaries	\$ 2,999,119	\$ 19,764	-	\$ 3,018,883
Payroll Taxes and Benefits	267,998	285,951	-	553,949
Total Personnel	3,267,117	305,715	-	3,572,832
Computer Software	18,681	952	-	19,633
Conferences/Training/Travel	29,117	7,834	-	36,951
Dues and Subscriptions	4,713	240	-	4,953
Equipment Maintenance	10,670	544	-	11,214
Grants to Other Agencies	-	-	-	-
Home Repair Construction Costs	-	-	-	-
Insurance	67,511	3,442	-	70,953
Interest	-	19	-	19
Miscellaneous	-	15,516	-	15,516
Occupancy	-	-	-	-
Postage	1,770	90	-	1,860
Printing	10,976	560	-	11,536
Professional Fees	31,977	1,630	-	33,607
Promotional	15,989	815	-	16,804
Recipient Meal Costs	-	-	-	-
Service Delivery and Mileage	-	-	-	-
Supplies	10,962	559	-	11,521
Telephone	12,815	653	-	13,468
Utilities	-	-	-	-
Volunteer Recognition/Recruitment	-	-	-	-
Total Expenses Before Depreciation	3,482,298	338,569	-	3,820,867
Depreciation	10,423	532	-	10,955
TOTAL EXPENSES	\$ 3,492,721	\$ 339,101	\$ -	\$ 3,831,822

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

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MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	Program Services			Total
	Meals Programs	Home Repair	Client Assistance And Other	
EXPENSES				
Salaries	\$ 2,567,955	\$ 465,330	\$ 298,589	\$ 3,331,874
Payroll Taxes and Benefits	619,136	96,507	74,637	790,280
Total Personnel	<u>3,187,091</u>	<u>561,837</u>	<u>373,226</u>	<u>4,122,154</u>
Computer Software	31,390	3,456	4,944	39,790
Conferences/Training/Travel	34,056	5,641	4,388	44,085
Dues and Subscriptions	7,808	690	1,398	9,896
Equipment Maintenance	71,547	2,861	12,208	86,616
Grants to Other Agencies	-	-	5,000	5,000
Home Repair Construction Costs	-	3,250,423	-	3,250,423
Insurance	103,639	10,177	11,157	124,973
Interest	74,809	9,347	10,440	94,596
Miscellaneous	40,530	13,058	6,449	60,037
Occupancy	126,158	12,855	13,521	152,534
Postage	31,848	1,727	1,987	35,562
Printing	75,857	6,881	7,668	90,406
Professional Fees	87,475	10,102	42,133	139,710
Promotional	743	701	4	1,448
Recipient Meal Costs	1,768,572	-	7,490	1,776,062
Service Delivery and Mileage	135,154	21,742	3,773	160,669
Supplies	105,453	21,014	87,863	214,330
Telephone	44,149	7,309	3,810	55,268
Utilities	90,557	10,020	11,571	112,148
Volunteer Recognition/Recruitment	9,153	-	3,751	12,904
Total Expenses Before Depreciation	<u>6,025,989</u>	<u>3,949,841</u>	<u>612,781</u>	<u>10,588,611</u>
Depreciation	<u>386,169</u>	<u>27,628</u>	<u>36,966</u>	<u>450,763</u>
TOTAL EXPENSES	<u><u>\$ 6,412,158</u></u>	<u><u>\$ 3,977,469</u></u>	<u><u>\$ 649,747</u></u>	<u><u>\$ 11,039,374</u></u>

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

Support Services			
Management and General	Development Fundraising	Total	MOWCT Totals
\$ 737,538	\$ 501,166	\$ 1,238,704	\$ 4,570,578
99,000	81,578	180,578	970,858
<u>836,538</u>	<u>582,744</u>	<u>1,419,282</u>	<u>5,541,436</u>
-	6,959	6,959	46,749
-	3,262	3,262	47,347
-	1,647	1,647	11,543
-	1,454	1,454	88,070
-	-	-	5,000
-	-	-	3,250,423
-	10,692	10,692	135,665
-	9,968	9,968	104,564
6,907	129,254	136,161	196,198
-	13,028	13,028	165,562
-	72,406	72,406	107,968
-	60,002	60,002	150,408
4,416	51,191	55,607	195,317
-	1,060	1,060	2,508
-	-	-	1,776,062
-	1,070	1,070	161,739
-	4,319	4,319	218,649
-	4,811	4,811	60,079
-	10,096	10,096	122,244
-	-	-	12,904
<u>847,861</u>	<u>963,963</u>	<u>1,811,824</u>	<u>12,400,435</u>
<u>-</u>	<u>27,562</u>	<u>27,562</u>	<u>478,325</u>
<u>\$ 847,861</u>	<u>\$ 991,525</u>	<u>\$ 1,839,386</u>	<u>\$ 12,878,760</u>

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

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
YEAR ENDED SEPTEMBER 30, 2018

	MOWCTX In-Home Care			
	Program Services	Management and General	Development Fundraising	In-Home Totals
EXPENSES				
Salaries	2,142,845	365,661	-	\$ 2,508,506
Payroll Taxes and Benefits	396,462	85,900	-	482,362
Total Personnel	2,539,307	451,561	-	2,990,868
Computer Software	6,812	988	-	7,800
Conferences/Training/Travel	24,467	1,323	-	25,790
Dues and Subscriptions	2,129	1,511	2,388	6,028
Equipment Maintenance	14,290	2,476	-	16,766
Grants to Other Agencies	-	-	-	-
Home Repair Construction Costs	-	-	-	-
Insurance	50,940	6,813	-	57,753
Interest	-	-	-	-
Miscellaneous	1,545	3,436	-	4,981
Occupancy	865	371	-	1,236
Postage	43	2,715	-	2,758
Printing	4,401	872	-	5,273
Professional Fees	10,095	22,807	5,994	38,896
Promotional	1,916	2,295	-	4,211
Recipient Meal Costs	-	-	-	-
Service Delivery and Mileage	-	-	-	-
Supplies	2,747	7,008	-	9,755
Telephone	13,706	1,294	-	15,000
Utilities	-	-	-	-
Volunteer Recognition/Recruitment	-	-	-	-
Total Expenses Before Depreciation	2,673,263	505,470	8,382	3,187,115
Depreciation	4,672	290	-	4,962
TOTAL EXPENSES	\$ 2,677,935	\$ 505,760	\$ 8,382	\$ 3,192,077

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

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities		
Change in Net Assets	\$ (278,342)	\$ (352,720)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	501,775	483,287
(Gain) Loss on Disposal of Fixed Assets	954	13,380
Unrealized Gain on Investments	(24,409)	(45,722)
Change in Operating Assets and Liabilities		
Grants and Contracts Receivable	217,731	26,637
Other Receivable	217	(1,428)
Prepaid Items and Other Current Assets	123,193	(30,094)
Accounts Payable	78,809	173,049
Accrued Liabilities	69,041	63,146
Deferred Revenues	251,931	8,513
Net Cash Flows From Operating Activities	940,900	338,048
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	-	490,388
Purchase of Investments	(18,535)	(134,937)
Acquisition of Fixed Assets	(395,834)	(343,814)
Net Cash Flows From Investing Activities	(414,369)	11,637
Cash Flows from Financing Activities		
Payments on Long-Term Debt	(119,382)	(116,032)
Net Cash Flows From Financing Activities	(119,382)	(116,032)
Net Change in Cash and Cash Equivalents	407,149	233,653
Cash and Cash Equivalents, Beginning of Year	2,968,625	2,734,972
Cash and Cash Equivalents, End of Year	\$ 3,375,774	\$ 2,968,625
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 115,690	\$ 104,564

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

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Organizations - Meals on Wheels and More, Inc. (MOWAM), formerly known as United Austin for the Elderly, Inc., was founded in 1972 by a group of volunteers who created the Meals on Wheels program to help meet the nutritional needs of homebound elderly people in Austin and Travis County. MOWAM has grown to provide a variety of program services that are designed to enable the homebound elderly to remain independent and in their own homes. MOWAM depends significantly on third-party reimbursement arrangements to carry out its program services. Effective March 2, 2016, MOWAM obtained an assumed name certificate to begin conducting business as Meals on Wheels Central Texas (MOWCT).

Austin Meals on Wheels Endowment Fund (the Endowment) was established August 10, 1993, by the board of directors and designated for the purpose and intent of receiving, investing, and managing contributions received for the benefit of MOWCT. The Endowment may distribute up to 5% of the average of the previous 12 quarters' ending market value. The withdrawals should never be such as to take the corpus below the inception money value plus net additions. The Endowment contributed all assets, \$546,663, to MOWCT during the year ended September 30, 2018, and was formally dissolved in February 2019.

As of May 17, 2016, MOWCT became the sole member of Helping the Aging, Needy and Disabled, Inc. dba Meals on Wheels Central Texas In-Home Care (MOWCTX In-Home Care), another nonprofit organization located in Austin, Texas. MOWCTX In-Home Care promotes dignity and independence for the aged and disabled by providing household care, personal care, and other supportive services to those individuals. The activities of MOWCTX In-Home Care for the years ended September 30, 2019 and 2018, are included in these combined financial statements.

Method of Accounting - MOWCT, the Endowment, and MOWCTX In-Home Care (collectively, the Organizations) use the accrual basis method of accounting. Such method of accounting recognizes support, revenue and the related receivables as earned, regardless of when the cash is collected. Expenses and related payables are recognized as incurred, regardless of when the obligation is paid.

Financial Statement Presentation - The Organizations' financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). To ensure that grant funds with donor restrictions are used for the purpose to which they are intended, the Organizations maintain their accounts in accordance with the principles of fund accounting. Funds are established for each of the Organizations' activities, based on their nature and purpose. Separate accounts are maintained for each fund. For financial statement purposes, the Organizations follow the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*.

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED

The classification of the Organizations' net assets and their support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. As required by the Presentation of Financial Statements Subtopic of the Not-for-Profit Entities Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the Organizations report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in net assets with donor imposed restrictions are reported in this category. These net assets may include internally specially designated funds. See Note 8.

Net assets with donor restrictions include gifts with donor-imposed restrictions that permit the donee organization to use up or expend as specified and are satisfied either by the passage of time or by actions of the organization. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organizations or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. See Note 8.

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

Revenue Recognition - Grants and contributions of cash and other assets are reported as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets.

Annual campaign contributions are generally available for general use in the related campaign year unless specifically restricted by the donor. The majority of the contributions are from a broad base of contributions as a result of the annual campaign. Promises to give are typically neither received nor recorded by the Organizations.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organizations did not receive any contributions of donated services in 2019 and 2018 that meet the criteria for recording in the financial statements.

Program service fees are recognized as revenue when the fee is earned.

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED

Fair Value Measurement - The Organizations follow FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations have the ability to access.

Level 2 - Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organizations believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MEALS ON WHEELS AND MORE, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market, mutual funds, and exchange traded products are valued at the net asset value (NAV) of shares held at year end.

Cash and Cash Equivalents - For the purposes of the combined statement of cash flows, cash is defined as cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days, other than those held for investment purposes.

Investments - The Organizations' investments in equity securities with readily determinable fair value and all debt securities are reported at their fair value. Unrealized gains and losses arising from changes in the fair value of investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donors to a specified purpose or future period.

Receivables - Grants and contract receivables represent expenses incurred, which will be offset by funds to be received. Receivables considered a problem to collect are reflected as an allowance for uncollectible accounts. At year end, the Organizations considered all receivables to be fully collectible.

Fixed Assets - Generally, items with a cost or fair value over \$500 are capitalized as fixed assets and are stated at cost if purchased and fair value if donated. Depreciation is calculated by applying the straight-line method over the estimated useful lives of the assets of generally three to thirty years.

Income Taxes - The Organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code for any income related to the Organizations' exempt purposes. The Internal Revenue Service classifies the Organizations as other than private foundations.

The Organizations have adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Organizations' federal exempt organization returns for the years ended September 30, 2016, and after are subject to examination by the Internal Revenue Service.

MEALS ON WHEELS AND MORE, INC.
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 NOTES TO COMBINED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019 AND 2018

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES,
 CONTINUED

Functional Expense Allocations - The Organizations allocate common costs between program services, management and general, and fundraising based on the use of office space for depreciation, equipment leases and maintenance, and office rent and activities of related personnel (time and effort) for all other allocable expenses. The resulting allocations are reviewed periodically by management and the allocation of costs is revised, if necessary, to reflect changes in the activities of the Organizations. The allocations reported in the financial statements are considered accounting estimates. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

Recently Issued Accounting Pronouncements - In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organizations have adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events - Management of the Organizations has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the combined financial statements were available to be issued.

NOTE 2: INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organizations' assets measured at fair value as of September 30, 2019 and 2018:

	(Level 1) 2019	(Level 1) 2018
	<u>2019</u>	<u>2018</u>
Mutual Funds	\$ 781,902	\$ 706,059
Exchange Traded Products	409,832	263,554
Cash and Money Market Accounts	41,833	159,905
Other	-	61,105
	<u>\$ 1,233,567</u>	<u>\$ 1,190,623</u>

Investment income totaled \$49,305 and \$77,072 for the years ended September 30, 2019 and 2018, respectively, and is comprised of interest and dividends, unrealized/realized gains and losses, and investment fees. See board designations and donor restrictions set forth in Notes 8 and 9.

MEALS ON WHEELS AND MORE, INC.
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NOTE 3: FIXED ASSETS

Fixed assets as of September 30, 2019 and 2018, and activity in fixed assets for the year ended September 30, 2019, consists of the following:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 2019</u>
MOWCT				
Cost				
Land	\$ 169,032	\$ -	\$ -	\$ 169,032
Buildings	6,591,906	62,500	(54,896)	6,599,510
Automobiles	853,248	144,521	(37,916)	959,853
Furniture & Equipment	1,380,367	101,638	(1,581)	1,480,424
Kitchen Equipment	849,156	120,409	(46,106)	923,459
Construction in Progress	1,279	-	(1,279)	-
Total Cost	<u>9,844,988</u>	<u>429,068</u>	<u>(141,778)</u>	<u>10,132,278</u>
Accumulated Depreciation	<u>(4,187,784)</u>	<u>(490,820)</u>	<u>81,111</u>	<u>(4,597,493)</u>
	<u>\$ 5,657,204</u>	<u>\$ (61,752)</u>	<u>\$ (60,667)</u>	<u>\$ 5,534,785</u>

During the year ended September 30, 2019, \$1,279 related to the building were put in services and moved from construction in progress.

	<u>Balance 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 2019</u>
MOWCTX In-Home Care				
Cost				
Furniture, Fixtures, and Equipment	\$ 43,495	\$ 13,077	\$ -	\$ 56,572
Software	19,061	13,402	-	32,463
Total Cost	<u>62,556</u>	<u>26,479</u>	<u>-</u>	<u>89,035</u>
Accumulated Depreciation	<u>(38,571)</u>	<u>(10,955)</u>	<u>-</u>	<u>(49,526)</u>
	<u>23,985</u>	<u>15,524</u>	<u>-</u>	<u>39,509</u>
Total Net Fixed Assets	<u>\$ 5,681,189</u>	<u>\$ (46,228)</u>	<u>\$ (60,667)</u>	<u>\$ 5,574,294</u>

Certain real property owned by MOWCT is used to secure a loan payable to a bank. See Note 4.

MEALS ON WHEELS AND MORE, INC.
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 SEPTEMBER 30, 2019 AND 2018

NOTE 4: LONG-TERM DEBT

MOWCT maintains a line of credit in the amount of \$200,000. This line of credit has a variable interest rate (currently 5.5%). No borrowings were made on this line of credit during the years ended September 30, 2019 and 2018.

MOWCT has a loan payable to a bank with a balance of \$2,470,252 and \$2,589,634 at September 30, 2019 and 2018, respectively. Proceeds from the loan were used in prior years for the expansion of facilities located on East 5th Street. The promissory note had an initial amount of \$3,146,661 and is secured by real property and capital campaign receipts. The note has a ten-year term, maturing on December 15, 2023, and a variable interest rate adjusted monthly to the lender's Prime Rate, which is calculated based on an indexed rate less 0.25%, but shall not be greater than 4.50% per year (Rate is 4.50% at September 30, 2019). Under the terms of the agreement, MOWCT is required to maintain the Organizations' primary depository account with the lender.

Maturities required on long-term debt in future years are as follows:

2020	\$	124,762
2021		130,890
2022		136,989
2023		143,371
2024		1,934,240
		\$ 2,470,252

NOTE 5: POST EMPLOYMENT BENEFIT PLAN

MOWCT maintains a 401(k) profit sharing plan, a defined contribution plan, for all eligible employees. During the fiscal years ended September 30, 2019 and 2018, MOWCT contributed 4% of eligible salaries to the plan. Total contributions in 2019 amounted to \$340,538; \$185,551 by employees, and \$154,987 by MOWCT. Total contributions in 2018 amounted to \$261,413; \$111,954 by employees, and \$149,459 by MOWCT. Eligible employees may voluntarily contribute a portion of their salary to the plan as well. All eligible employees are fully vested in voluntary contributions and are fully vested in MOWCT's contributions after 5 years of service.

NOTE 6: GRANTS AND CONTRACTS

Grants and contracts reported in the accompanying combined financial statements represent 75% and 78% of total support and revenue for the years ended September 30, 2019 and 2018, respectively. Details of grants and contracts are as follows:

MEALS ON WHEELS AND MORE, INC.
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 SEPTEMBER 30, 2019 AND 2018

NOTE 6: GRANTS AND CONTRACTS, CONTINUED

Meals on Wheels Central Texas

	2019	2018
<u>Cost Reimbursement Contracts</u>		
City of Austin Meals	\$ 539,058	\$ 530,092
St. David's Foundation	375,000	-
Travis County, Texas Meals	167,376	167,376
City of Austin Home Repair Program	1,028,889	936,018
Texas Veterans Commission Housing Program	624,684	130,945
Texas Veterans Commission Food Program	-	24,194
State of Texas Barrier Removal Program	605,127	266,369
Federal Emergency Management Assistance	43,219	19,516
Travis County Home Repair Program	767,417	465,999
Travis County Congregate Meals	143,059	143,059
Home Depot Foundation Home Repair Program	586,109	217,505
Home Depot Home Repair Programs	1,017,906	1,309,857
<u>Grants</u>		
Texas Department of Agriculture - 1st Meals	364,831	373,146
Texas Department of Agriculture - 2nd Meals	36,684	33,116
	401,515	406,262
<u>Unit Cost Reimbursement Contracts</u>		
Texas Department of Human Services:		
Title XX Meals on Wheels	647,358	725,729
Community Based Alternatives - Evercare	256,354	296,755
Community Based Alternatives - Amerigroup	219,391	246,057
Texas Department on Aging:		
Title III C-1 - Congregate Meals	573,994	675,584
Title III C-2 - HDM	523,520	505,519
Title III C-2 - Rural Delivery	137,675	137,057
Title III B - Home Repair	110,675	103,035
City of Austin - Congregate Meals	18,560	18,560
Various Grants	1,287,550	2,005,993
Total Meals on Wheels	10,074,436	9,331,481

MEALS ON WHEELS AND MORE, INC.
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 NOTES TO COMBINED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019 AND 2018

NOTE 6: GRANTS AND CONTRACTS, CONTINUED

MOWCTX In-Home Care

	2019	2018
<u>Unit Cost Reimbursement Contracts</u>		
Other Texas Medicaid Providers	\$ -	\$ 55,351
United Healthcare	553,278	432,008
Amerigroup	1,249,286	1,094,885
Texas Department of Aging and Disability Services	1,128,295	852,888
	2,930,859	2,435,132
<u>Grants</u>		
St. David's Foundation	773,448	890,871
Various Grants and Program Fees	190,851	138,638
Total MOWCTX In-Home Care	3,895,158	3,464,641
Total Grants and Contracts	\$ 13,969,594	\$ 12,796,122

MOWCT also receives grants and contracts from others as follows:

	2019	2018
Round Rock United Way	\$ 12,901	\$ 14,190

MOWCT 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 costs incurred there under. Any costs disallowed by the grantor would be absorbed by MOWCT. Management believes any adjustments by the grantors, if any, would be immaterial and would not have a material adverse effect on the financial position of MOWCT.

NOTE 7: CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Organizations maintain cash accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2019, there was \$265,043 that exceeded the amount of FDIC coverage.

NOTE 8: NET ASSETS

The Organizations have designated that certain net assets with internal board designations to be used for specific purposes. The amounts and specific purposes are as follows:

	2019	2018
MOWCT - Designated for Debt	\$ 28,889	\$ 119,326

MEALS ON WHEELS AND MORE, INC.
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 SEPTEMBER 30, 2019 AND 2018

NOTE 8: NET ASSETS, CONTINUED

Net assets with donor restrictions for time or purpose as of September 30, 2019 and 2018, and their stipulated purposes were as follows:

	2019	2018
MOWCTX In-Home Care - Program service grants	\$ 38,019	\$ 4,844
MOWCT - The Myrtle Agnew Walker Endowment for in-home care activities within MOWCTX In-Home Care	80,120	46,745
	\$ 118,139	\$ 51,589

Net assets were released from restrictions by incurring expenses satisfying the purpose restrictions specified.

Net assets with donor restrictions in perpetuity as of September 30, 2019 and 2018, and their stipulated purposes were as follows:

	2019	2018
MOWCT - The Myrtle Agnew Walker Endowment for in-home care activities within MOWCTX In-Home Care	\$ 1,000,000	\$ 1,000,000
	\$ 1,000,000	\$ 1,000,000

NOTE 9: THE MYRTLE AGNEW WALKER ENDOWMENT

On July 7, 2017, MOWCT established The Myrtle Agnew Walker Endowment (The MAW Endowment) with the purpose of creating a permanent endowment to support MOWCT's in-home care activities within MOWCTX In-Home Care.

MOWCT has interpreted the Uniform Prudent Management of Institutional Funds Acts (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Net assets with donor restrictions in perpetuity are classified at the original value of gifts donated to the permanent endowment, plus the original value of subsequent gifts to the permanent endowment. Certain gifts do require a portion of earnings to be added to the net assets with donor restrictions in perpetuity. The earnings portion of the donor restricted endowment fund is classified as net assets with donor restrictions for time or purpose until those funds are appropriated for expenditure by the MOWCT in a manner consistent with the standard of prudence prescribed by UPMIFA.

MEALS ON WHEELS AND MORE, INC.
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SEPTEMBER 30, 2019 AND 2018

NOTE 9: THE MYRTLE AGNEW WALKER ENDOWMENT, CONTINUED

Changes in The MAW Endowment fund were as follows for the year ended September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	In Perpetuity	
Beginning of year	\$ -	\$ 46,745	\$ 1,000,000	\$ 1,046,745
Contributions	-	-	-	-
Investment Return, Net	-	33,375	-	33,375
	\$ -	\$ 80,120	\$ 1,000,000	\$ 1,080,120

Changes in The MAW Endowment fund were as follows for the year ended September 30, 2018:

	Without Donor Restrictions	With Donor Restrictions		Total
		Time or Purpose	In Perpetuity	
Beginning of year	\$ -	\$ 1,023	\$ 1,000,000	\$ 1,001,023
Contributions	-	-	-	-
Investment Return, Net	-	45,722	-	45,722
	\$ -	\$ 46,745	\$ 1,000,000	\$ 1,046,745

NOTE 10: AVAILABLE RESOURCES AND LIQUIDITY

The following represents the Organizations' financial assets at September 30, 2019 and 2018:

Financial assets at year end:	2019	2018
Cash and Cash Equivalents	\$ 3,375,774	\$ 2,968,625
Investments	1,233,567	1,190,623
Receivables		
Grants and Contracts, net of allowance	1,416,972	1,634,703
Other	5,284	5,501
Total financial assets at year end	6,031,597	5,799,452
Less amounts unavailable for general expenditure:		
Required to satisfy donor restrictions	1,080,120	1,046,745
Required to satisfy management designations	28,889	119,326
	1,109,009	1,166,071
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,922,588	\$ 4,633,381

MEALS ON WHEELS AND MORE, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 10: AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

MOWCT receives contributions with donor restrictions to be used in accordance with the associated purpose. Contributions may include gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs or support operations. In addition, MOWCT receives contributions without donor restrictions; such support has historically represented 75% of annual operations, with the remainder coming from other revenue streams, such as grants in accordance with the applicable donor restrictions.

MOWCT considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restriction, and contributions with donor restriction for use in programs that are ongoing, major, and central to its annual operations as available to meet cash needs for general expenditure. General expenditures include general and administrative expense, fundraising expense, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as total expense related to both program services and supporting services activities.

MOWCT manages its cash available to meet general expenditures through the following guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets, and maintaining sufficient reserves to provide reasonable assurance that long-term agreements or other commitments and obligations under donor restricted liquid assets and endowments will continue to be met, thereby ensuring the sustainability of MOWCT.

MOWCT operates on an annual budget cycle, which is approved by the Board of Directors. The Board of Directors meets several times each year and reviews both the financial statements and unbudgeted expenses.

SUPPLEMENTAL INFORMATION

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

	Meals on Wheels Central Texas	MOWCTX In- Home Care	Eliminations	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 3,029,829	\$ 345,945	\$ -	\$ 3,375,774
Investments	1,233,567	-	-	1,233,567
Receivables				
Grants and Contracts, net of allowance	1,343,835	125,506	(52,369)	1,416,972
Other	5,284	-	-	5,284
Prepaid Items and Other Current Assets	119,738	20,116	-	139,854
Total Current Assets	<u>5,732,253</u>	<u>491,567</u>	<u>(52,369)</u>	<u>6,171,451</u>
Non-Current Assets				
Fixed Assets				
Land and Building	6,768,542	-	-	6,768,542
Office Furniture and Equipment	1,480,424	89,035	-	1,569,459
Kitchen Equipment	923,459	-	-	923,459
Vehicles	959,853	-	-	959,853
Accumulated Depreciation	<u>(4,597,493)</u>	<u>(49,526)</u>	<u>-</u>	<u>(4,647,019)</u>
Total Non-Current Assets	<u>5,534,785</u>	<u>39,509</u>	<u>-</u>	<u>5,574,294</u>
TOTAL ASSETS	<u>\$ 11,267,038</u>	<u>\$ 531,076</u>	<u>\$ (52,369)</u>	<u>\$ 11,745,745</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	\$ 660,675	\$ 12,339	-	\$ 673,014
Accrued Payroll Liabilities	131,631	162,726	-	294,357
Liability for Compensated Absences	135,000	44,376	-	179,376
Deferred Revenue	638,722	-	-	638,722
Current Portion of Long-Term Debt	124,762	-	-	124,762
Total Current Liabilities	<u>1,690,790</u>	<u>219,441</u>	<u>-</u>	<u>1,910,231</u>
Non-Current Liabilities				
Long-Term Debt	2,345,490	52,369	(52,369)	2,345,490
Total Non-Current Liabilities	<u>2,345,490</u>	<u>52,369</u>	<u>(52,369)</u>	<u>2,345,490</u>
Total Liabilities	<u>4,036,280</u>	<u>271,810</u>	<u>(52,369)</u>	<u>4,255,721</u>
Net Assets				
Without Donor Restrictions				
Undesignated	6,121,749	221,247	-	6,342,996
Designated for Debt	28,889	-	-	28,889
Total Without Donor Restrictions	<u>6,150,638</u>	<u>221,247</u>	<u>-</u>	<u>6,371,885</u>
Net Assets With Donor Restrictions				
Time or Purpose	80,120	38,019	-	118,139
In Perpetuity	1,000,000	-	-	1,000,000
Total Net Assets	<u>7,230,758</u>	<u>259,266</u>	<u>-</u>	<u>7,490,024</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,267,038</u>	<u>\$ 531,076</u>	<u>\$ (52,369)</u>	<u>\$ 11,745,745</u>

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
AND RELATED ENTITIES
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Meals on Wheels Central Texas
NET ASSETS WITHOUT DONOR RESTRICTIONS	
Support and Revenue	
Grants and Contracts	\$ 10,074,436
Public Contributions	3,534,176
United Way	12,901
Other Revenue	112,757
Net Assets Released from Restrictions	-
Total Support and Revenue	13,734,270
Expenses	
Program Services	11,921,780
Management and General	1,035,877
Development Fundraising	1,160,583
Total Expenses	14,118,240
Revenues Over (Under) Expenses	(383,970)
Other Revenues and Expenses	
Investment Return, Net	15,930
Gain (Loss) on Disposal of Fixed Assets	(954)
Total Other Revenues and Expenses	14,976
Increase (Decrease) in Net Assets Without Donor Restrictions	(368,994)
NET ASSETS WITH DONOR RESTRICTIONS	
Time or Purpose	
Support and Revenue	
Grants and Contracts	-
Investment Return, Net	33,375
Net Assets Released from Restrictions	-
Increase (Decrease) in Net Assets With Donor Restrictions - Time or Purpose	33,375
In Perpetuity	
Support and Revenue	
Public Contributions	-
Increase (Decrease) in Net Assets With Donor Restrictions - In Perpetuity	-
Increase (Decrease) in Net Assets	(335,619)
Net Assets, Beginning of Year	7,566,377
NET ASSETS, END OF YEAR	\$ 7,230,758

MOWCTX In- Home Care	Eliminations	Total
\$ 3,049,049	\$ -	\$ 13,123,485
18,712	-	3,552,888
-	-	12,901
59,229	(84,000)	87,986
812,934	-	812,934
<u>3,939,924</u>	<u>(84,000)</u>	<u>17,590,194</u>
3,535,921	(43,200)	15,414,501
379,901	(40,800)	1,374,978
-	-	1,160,583
<u>3,915,822</u>	<u>(84,000)</u>	<u>17,950,062</u>
24,102	-	(359,868)
-	-	15,930
-	-	(954)
-	-	14,976
<u>24,102</u>	<u>-</u>	<u>(344,892)</u>
846,109	-	846,109
-	-	33,375
<u>(812,934)</u>	<u>-</u>	<u>(812,934)</u>
<u>33,175</u>	<u>-</u>	<u>66,550</u>
-	-	-
-	-	-
57,277	-	(278,342)
201,989	-	7,768,366
<u>\$ 259,266</u>	<u>\$ -</u>	<u>\$ 7,490,024</u>

MEALS ON WHEELS AND MORE, INC.
 dba MEALS ON WHEELS CENTRAL TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2019

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency Pass-Through Number	Expenditures
Federal Assistance			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Travis County:			
Community Development Block Grant	14.288	4400001364	<u>\$ 767,417</u>
Total U.S. Department of Housing and Urban Development			<u>767,417</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Department on Aging:			
Capital Area Planning Council:			
Title III C-1 - Congregate Meals	93.045	AAA09-06	278,370
Title III C-2 - Home Delivered Meals	93.045	AAA09-06	523,520
Title III C-2 - Rural Delivery	93.045	AAA09-06	137,675
Title III C-1 - Equipment	93.045	AAA09-06	<u>10,132</u>
Subtotal	93.045	AAA09-06	949,697
Title III B - Home Repair Revenue	93.044	AAA09-06	<u>90,575</u>
Total U.S. Department of Health and Human Services			<u>1,040,272</u>
U.S. DEPARTMENT OF HOMELAND SECURITY, FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed Through Travis and Williamson County Local Boards			
Emergency Food and Shelter National Board Program	97.024	LRO-016	<u>28,341</u>
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			<u>28,341</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 1,836,030</u></u>

MEALS ON WHEELS AND MORE, INC.
 dba MEALS ON WHEELS CENTRAL TEXAS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED SEPTEMBER 30, 2019

Grantor/Pass-Through Grantor Program Title	Agency Pass-Through Number	Expenditures
State Assistance		
Texas Department of Agriculture Home Delivered Meal Program	N/A	\$ 401,515
Texas Department of Housing and Community Affairs Amy Young Barrier Removal Program	1001524	605,127
Texas Veterans Commission Home Repair Program	VHA-12-0085	<u>624,684</u>
TOTAL STATE ASSISTANCE		<u><u>\$ 1,631,326</u></u>

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of MOWCT and are presented on the accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular*.

NOTE 2: CONTINGENT LIABILITIES

MOWCT participates in federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards*, Uniform Guidance, and the *State of Texas Single Audit Circular*, if applicable, in accordance with the required levels of Federal and State Financial Assistance. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

NOTE 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not agree with the amounts reported in the related Federal or State financial reports filed with the grantor agencies because of accruals made in the schedules which will be included in future reports filed with agencies.

NOTE 4: INDIRECT COST RATE

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

COMPLIANCE AND INTERNAL CONTROLS



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

To the Board of Directors
Meals on Wheels and More, Inc.
dba Meals on Wheels Central Texas
Austin, 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 and More, Inc. dba Meals on Wheels Central Texas (MOWCT), which comprise the statement of financial position as of September 30, 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, and have issued our report thereon dated March 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MOWCT'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MOWCT's internal control. Accordingly, we do not express an opinion on the effectiveness of MOWCT's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MOWCT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 matter that is 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Atchley & Associates, LLP

Austin, Texas

March 24, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
UNIFORM GUIDANCE AND THE *STATE OF TEXAS SINGLE AUDIT CIRCULAR*

To the Board of Directors
Meals on Wheels and More, Inc.
dba Meals on Wheels Central Texas
Austin, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Meals on Wheels and More, Inc. dba Meals on Wheels Central Texas' (MOWCT), a non-profit organization, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of MOWCT's major federal and state programs for the year ended September 30, 2019. MOWCT's major federal and state programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of MOWCT'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; Title 2 U.S. Code of Federal Regulations (CFR) 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 MOWCT'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 on compliance for each major federal and state program. However, our audit does not provide a legal determination on MOWCT's compliance.

Opinion on Each Major Federal and State Program

In our opinion MOWCT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of MOWCT 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 MOWCT'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance and *the State of Texas Single Audit Circular*, 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 MOWCT'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 or 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 or 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 or 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 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Atchley & Associates, LLP

Austin, Texas

March 24, 2020

MEALS ON WHEELS AND MORE, INC.
 dba MEALS ON WHEELS CENTRAL TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED SEPTEMBER 30, 2019

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting

- Material weakness(es) identified?

_____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal/State Awards

Internal control over major programs:

- Material weakness(es) identified?

_____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ Yes X None Reported

Type of auditors' 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 X No

Identification of major programs:

CFDA No.	Name of Federal/State Program
Federal	
14.218	Community Development Block Grant
State	
N/A	Texas Veterans Program Home Repair Program

Dollar threshold used to distinguish between Type A and Type B programs

Federal	\$ 750,000
State	\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

II. Financial Statement Findings

No matters were reported

III. Findings and Questioned Costs for Federal/State Awards

No matters were reported

MEALS ON WHEELS AND MORE, INC.
dba MEALS ON WHEELS CENTRAL TEXAS
STATUS OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2019

None reported.