



HELPING THE AGING, NEEDY AND DISABLED, INC.
(dba MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE)
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

Years Ended the 30th day of September 2020 and 2019

After careful consideration, the Board of Directors of Helping the Aging, Needy and Disabled Inc., (dba Meals on Wheels Central Texas In-Home Care) do hereby certify that the organization's financial audit report/financial review the Annual Audit Report for the Years Ended the 30th day of September 2020 and 2019 from Atchley & Associates, LLP was reviewed and approved by the Board of Directors on the 27th day of May 2021.

Sam Houston

Sam Houston
Board Secretary

Helping the Aging, Needy, and Disabled
(dba Meals on Wheels Central Texas In-Home Care (MOWCTX-IHC))

Thursday, May 27, 2021

Date

HELPING THE AGING, NEEDY AND
DISABLED, INC. DBA MEALS ON WHEELS
CENTRAL TEXAS IN-HOME CARE

INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

HELPING THE AGING, NEEDY AND DISABLED, INC.
DBA MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE

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Independent Auditors' Report

To the Board of Directors
Helping the Aging, Needy and Disabled, Inc.
dba Meals on Wheels Central Texas In-Home Care
Austin, Texas

We have audited the accompanying financial statements of Helping the Aging, Needy and Disabled, Inc., dba Meals on Wheels Central Texas In-Home Care (MOWCTX In-Home Care), 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 years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 MOWCTX In-Home Care as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Atchley & Associates, LLP

Austin, Texas

May 13, 2021

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	Assets	
	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 966,439	\$ 345,945
Accounts receivable	204,263	125,506
Prepaid expenses	3,590	17,790
Total Current Assets	1,174,292	489,241
Property and Equipment - net	47,990	39,509
Other Assets	1,844	2,326
Total Assets	\$ 1,224,126	\$ 531,076
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 138,024	\$ 3,573
Accrued payroll and related liabilities	94,436	204,690
Accrued expenses	2,532	11,178
Due to related party	-	52,369
Total Current Liabilities	234,992	271,810
Net Assets:		
Without donor restrictions		
Undesignated	941,144	181,738
Investment in fixed assets	47,990	39,509
Total net assets without donor restrictions	989,134	221,247
With donor restrictions	-	38,019
Total Net Assets	989,134	259,266
Total Liabilities and Net Assets	\$ 1,224,126	\$ 531,076

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

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Program service fees	\$ 3,279,311	\$ -	\$ 3,279,311
Grants and contracts	6,344	1,309,000	1,315,344
Contributions	171,559	-	171,559
Other income	560	-	560
Net assets released from restrictions	1,347,019	(1,347,019)	-
	<u>4,804,793</u>	<u>(38,019)</u>	<u>4,766,774</u>
Expenses			
Program services - caregiving	3,944,483	-	3,944,483
Supporting services			
Management and general	90,794	-	90,794
Fundraising	-	-	-
	<u>4,035,277</u>	<u>-</u>	<u>4,035,277</u>
Total functional expenses	4,035,277	-	4,035,277
Other expenses	1,629	-	1,629
	<u>4,036,906</u>	<u>-</u>	<u>4,036,906</u>
Change in Net Assets	767,887	(38,019)	729,868
Net Assets, Beginning of the Year	<u>221,247</u>	<u>38,019</u>	<u>259,266</u>
Net Assets, End of the Year	<u><u>\$ 989,134</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 989,134</u></u>

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

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Program service fees	\$ 3,106,273	\$ -	\$ 3,106,273
Grants and contracts	1,094	846,109	847,203
Contributions	18,712	-	18,712
Other income	911	-	911
Net assets released from restrictions	812,934	(812,934)	-
	<u>3,939,924</u>	<u>33,175</u>	<u>3,973,099</u>
Expenses			
Program services - caregiving	3,815,799	-	3,815,799
Supporting services			
Management and general	85,687	-	85,687
Fundraising	-	-	-
	<u>3,901,486</u>	<u>-</u>	<u>3,901,486</u>
Total functional expenses	3,901,486	-	3,901,486
Other expenses	14,336	-	14,336
	<u>3,915,822</u>	<u>-</u>	<u>3,915,822</u>
Change in Net Assets	24,102	33,175	57,277
Net Assets, Beginning of the Year	<u>197,145</u>	<u>4,844</u>	<u>201,989</u>
Net Assets, End of the Year	<u>\$ 221,247</u>	<u>\$ 38,019</u>	<u>\$ 259,266</u>

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

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services- Caregiving	Management and General	Fundraising	Total
Salaries	\$ 3,110,467	\$ 71,596	\$ -	\$ 3,182,063
Payroll taxes	249,789	5,750	-	255,539
Fringe benefits	211,774	4,875	-	216,649
Total personnel	<u>3,572,030</u>	<u>82,221</u>	<u>-</u>	<u>3,654,251</u>
Advertising	21,336	491	-	21,827
Bank charge fees	1,499	35	-	1,534
Computer expense	23,471	540	-	24,011
Contract labor	7,218	166	-	7,384
Depreciation	14,542	335	-	14,877
Dues, subscriptions, and licenses	5,588	129	-	5,717
Employee recruitment and hiring	18,690	430	-	19,120
Equipment lease and maintenance	6,291	145	-	6,436
Insurance	71,699	1,650	-	73,349
Management fees	39,882	918	-	40,800
Office expense	17,287	398	-	17,685
Office rent	42,228	972	-	43,200
Other	6,301	144	-	6,445
Postage	3,670	85	-	3,755
Printing	13,136	302	-	13,438
Professional fees	34,843	802	-	35,645
Telephone and utilities	14,758	340	-	15,098
Travel and entertainment	30,014	691	-	30,705
Total expenses	<u>\$ 3,944,483</u>	<u>\$ 90,794</u>	<u>\$ -</u>	<u>\$ 4,035,277</u>

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

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services- Caregiving	Management and General	Fundraising	Total
Salaries	\$ 2,996,827	\$ 19,647	\$ -	\$ 3,016,474
Payroll taxes	267,998	1,356	-	269,354
Fringe benefits	263,452	2,621	-	266,073
Total personnel	3,528,277	23,624	-	3,551,901
Advertising	15,989	815	-	16,804
Bank charge fees	-	19	-	19
Computer expense	18,681	952	-	19,633
Contract labor	2,292	117	-	2,409
Depreciation	10,423	532	-	10,955
Dues, subscriptions, and licenses	4,713	240	-	4,953
Employee recruitment and hiring	18,522	-	-	18,522
Equipment lease and maintenance	10,670	544	-	11,214
Insurance	67,511	3,442	-	70,953
Management fees	-	40,800	-	40,800
Office expense	10,962	559	-	11,521
Office rent	41,104	2,096	-	43,200
Other	-	1,180	-	1,180
Postage	1,770	90	-	1,860
Printing	10,976	560	-	11,536
Professional fees	31,977	1,630	-	33,607
Telephone and utilities	12,815	653	-	13,468
Travel and entertainment	29,117	7,834	-	36,951
Total expenses	<u>\$ 3,815,799</u>	<u>\$ 85,687</u>	<u>\$ -</u>	<u>\$ 3,901,486</u>

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

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 729,868	\$ 57,277
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash debt forgiveness	(38,369)	-
Depreciation	14,877	10,955
Change in operating assets and liabilities:		
Accounts receivable	(78,757)	82,087
Prepaid expenses	14,200	3,002
Other assets	482	(522)
Accounts payable	134,451	(28,648)
Accrued payroll and related liabilities	(110,254)	41,101
Accrued expenses	(8,646)	4,178
Due to related party	(14,000)	(51,175)
Net Cash Flows from Operating Activities	<u>643,852</u>	<u>118,255</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(23,358)</u>	<u>(26,479)</u>
Net Cash Flows from Investing Activities	<u>(23,358)</u>	<u>(26,479)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	620,494	91,776
Cash and Cash Equivalents, Beginning of Year	<u>345,945</u>	<u>254,169</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 966,439</u></u>	<u><u>\$ 345,945</u></u>
Supplemental Disclosure of Cash Flow Information		
Non-cash debt forgiveness	<u><u>\$ 38,369</u></u>	<u><u>\$ -</u></u>

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

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE A - DESCRIPTION OF ORGANIZATION

Helping the Aging, Needy and Disabled, Inc., dba Meals on Wheels Central Texas In-Home Care (MOWCTX In-Home Care) is a nonprofit corporation organized under the laws of the State of Texas in 1976. Its mission is to promote dignity and independence for the aged and disabled by providing household care, personal care, and supportive services for the elderly, disabled, and convalescent individuals.

MOWCTX In-Home Care provides services for the community which include attendant services by qualified persons who provide assistance with daily tasks such as bathing, dressing, housekeeping, shopping, laundry and personal care, social services to help access community resources to meet basic needs, and volunteers to assist with issues of loneliness and isolation.

Sources of revenue for the services consist of contracts with Texas Medicaid providers, local government and other agencies, and fees from private paying clients.

MOWCTX In-Home Care is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private foundation. Management is not aware of any tax positions that would have a significant impact on its financial position. MOWCTX In-Home Care's tax returns for the last three years remain subject to examination.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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), MOWCTX In-Home Care reports 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 net assets with donor imposed restrictions are reported in this category.

Net assets with donor restrictions include gifts with donor-imposed restrictions that permit the organization to use up or expend as specified and are satisfied either by the passage of time or by actions of the organization.

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Method

MOWCTX In-Home Care's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which includes reporting revenues and other support and related accounts receivable when earned. Contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are restricted for future periods or for specific purposes are reported as net assets with donor restrictions and increase those net asset classes. Conditional promises to give are not reported until the condition is met. Expenses and the related accounts payable are reported when an obligation is incurred, regardless of when cash is disbursed. All expenses are reported as reductions in net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, certificates of deposit and highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and (2) revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Program service fees are services rendered under a contract with various local and state agencies, as well as services provided to private pay clients. These amounts are owed for services provided as part of the program services and the accounts are considered open accounts. Receivables are cost reimbursement contracts and represent amounts earned and billed, but not collected at year end.

Accounts receivable are valued using an allowance for doubtful accounts. Periodically, management reviews the collectability of accounts receivable using such factors as the collection history of the account, the age of the account and the account's ability to pay. Accounts are considered past due after 30 days of not receiving payments. Uncollectible accounts are charged off annually against an allowance for doubtful accounts. The allowance for doubtful accounts is considered an accounting estimate and was \$0 as of September 30, 2020 and 2019. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased fixed assets are capitalized at cost if the estimated useful service life of the item is more than one year and the cost of the item is over \$500. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Depreciation of MOWCTX In-Home Care's fixed assets is computed over the estimated useful service life of the asset (generally five years) using the straight line method of computation. Depreciation expense is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Revenue Recognition

MOWCTX In-Home Care accounts for contributions in accordance with the requirements of the Revenue Recognition Subtopic of the Not-for-Profit Entities Topic of FASB ASC. In accordance with this FASB ASC topic, contributions received are considered to be without donor restricted support, unless explicit donor stipulations specify a use for the funds, and are recognized in the period received. When donors stipulate specific uses for their contributions, these contributions are considered to be with donor restricted support in the period received. When donor stipulations are met, 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.

Program service fees are recognized as revenue when the fee is earned. Unconditional pledges or promises to give are reported as support when the funding is awarded. Conditional promises to give, such as cost reimbursement contracts, are reported as revenue when the conditions are met. Generally, the conditions to be met are in compliance with budget categories or the delivery of a program service.

Contributed Materials, Equipment and Services

Contributed materials and equipment, if any, are reflected in the accompanying statements at their estimated fair value at date of receipt.

From time to time volunteers donate their time to MOWCTX In-Home Care's programs and administrative services; however, these donated services are not reflected in the financial statements since the services do not meet the criteria for recognition as contributed services.

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. MOWCTX In-Home Care allocates 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. Fundraising efforts are directed by Meals on Wheels Central Texas for the benefit of MOWCTX In-Home Care, as such, limited allocations are made. The resulting allocations are reviewed periodically by management and the allocation of costs is revised, if necessary, to reflect changes in the activities of MOWCTX In-Home Care. 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

MOWCTX In-Home Care adopted FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and additional ASUs issued to clarify the guidance in ASU 2014-09, which amend the existing accounting standards for revenue recognition. MOWCTX In-Home Care adopted the new revenue standard utilizing the full retrospective method. MOWCTX In-Home Care did not restate information reported in prior periods as the adoption of the new revenue standard did not have a material impact on previously reported amounts.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditors' Report, the date which the financial statements were available to be issued. (see Note M)

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30,:

	2020	2019
Furniture, fixtures, and equipment	\$ 61,495	\$ 56,572
Vehicles	18,435	-
Software	32,463	32,463
Less: accumulated depreciation	(64,403)	(49,526)
Property and equipment, net	<u>\$ 47,990</u>	<u>\$ 39,509</u>

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE D - ACCRUED PAYROLL AND RELATED LIABILITIES

Accrued payroll and related liabilities consist of the following at September 30,:

	2020	2019
Accrued payroll	\$ 42,138	\$ 157,865
Accrued vacation payable	49,572	44,376
Other payroll liabilities	2,726	2,449
	<u>\$ 94,436</u>	<u>\$ 204,690</u>

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

During the years ended September 30, 2020 and 2019, net assets of \$1,347,019 and \$812,934, respectively, were released from accompanying stipulations due to MOWCTX In-Home Care's actions and are reported as transfers from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Net assets with donor restrictions are comprised of the following as of September 30,:

	2020	2019
Program service grants	\$ -	\$ 38,019

NOTE F - COMMITMENTS AND CONTINGENCIES

Operating Leases

MOWCTX In-Home Care leases equipment under an operating lease which expires in July 2024. MOWCTX In-Home Care also rents office space from MOWCT (see Note G). Rental payments under the operating lease for the years ended September 30, 2020 and 2019, were \$49,636 and \$54,414, respectively.

Future minimum lease payments are as follows:

Year Ending September 30,	
2021	\$ 5,719
2022	5,719
2023	5,719
2024	4,766
	<u>\$ 21,923</u>

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE F - COMMITMENTS AND CONTINGENCIES (Continued)

Grants

In connection with various grants, MOWCTX In-Home Care is obligated to use the funds received in accordance with grant stipulations and restrictions. In cases where MOWCTX In-Home Care cannot meet those requirements, the grantor may request the funds to be returned. The amount, if any, that may need to be returned to the grantors cannot be determined at this time and no refunds have been requested by grantors.

NOTE G - RELATED PARTY TRANSACTIONS

On May 17, 2016, the Board of Directors approved a transaction where Meals on Wheels Central Texas (MOWCT) became the sole and controlling member of MOWCTX In-Home Care along with restating and amending MOWCTX In-Home Care's Certificate of Formation and Bylaws.

During the years ended September 30, 2020 and 2019, MOWCT paid expenses on behalf of MOWCTX In-Home Care. The balance due to MOWCT for these expenses at September 30, 2020 and 2019, was \$0 and \$52,369, respectively. During the year September 30, 2020, MOWCT forgave \$38,369 of this balance.

In March 2017, MOWCTX In-Home Care signed a three-year agreement with MOWCT to provide management services to MOWCTX In-Home Care. In accordance with the agreement, MOWCTX In-Home Care will pay MOWCT \$3,400 a month through February 2020. This agreement automatically renews for a one year periods beginning March 2020 and can be terminated by either party with 30 days written notice. For the year ended September 30, 2020 and 2019, the expense for these services totaled \$40,800 and \$40,800, respectively.

During the years ended September 30, 2020 and 2019, MOWCTX In-Home Care paid rent for office space to MOWCT in the amounts of \$43,200 and \$43,200, respectively.

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE H - AVAILABLE RESOURCES AND LIQUIDITY

The following represents MOWCTX In-Home Care's financial assets at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 966,439	\$ 345,945
Accounts receivable	<u>204,263</u>	<u>125,506</u>
Total financial assets at year-end	<u>1,170,702</u>	<u>471,451</u>
Financial assets available to meet cash needs for general expenditures over the next twelve months	<u>\$ 1,170,702</u>	<u>\$ 471,451</u>

At September 30, 2020, MOWCTX In-Home Care has approximately \$1,170,700 of financial assets available to meet cash needs for general expenditures. This consists of cash and accounts receivable. Restricted assets are considered available and will be released for general expenditures within the next fiscal year. MOWCTX In-Home Care has a goal to maintain at least 90 days of normal operating expenses which, on the average, total approximately \$400,000 per month with full programmatic expenditures.

NOTE I - RETIREMENT PLAN

During 2016, MOWCTX In-Home Care adopted the MOW 401(k) Profit Sharing Plan. Service with MOWCTX In-Home Care will be counted toward the minimum service requirement for eligibility after May 20, 2016. Employees previously eligible as MOWCT employees who transferred to MOWCTX In-Home Care continued eligibility with no break in service. Employer contributions are based on compensation for eligible participants, regardless of employee deferrals. Total retirement plan expense, included in fringe benefits, for the years ended September 30, 2020 and 2019, was \$67,305 and \$65,190, respectively.

NOTE J - CONCENTRATION OF CREDIT RISK

MOWCTX In-Home Care maintains cash balances at a financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. Although the balances in these accounts can exceed the insured limit from time to time, MOWCTX In-Home Care has not incurred losses related to the deposits and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At September 30, 2020, cash balances in excess of insurance coverage was \$717,613.

MEALS ON WHEELS CENTRAL TEXAS IN-HOME CARE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE K - CONCENTRATIONS

A significant part of the program service fees are due from Texas Medicaid providers. MOWCTX In-Home Care controls credit risk through approval of clients served and other monitoring procedures. MOWCTX In-Home Care performs ongoing evaluations of the credit risk of its contracts, grants and private pay clients, but does not require collateral to support accounts receivable. Non-performance by any of these agencies related to their accounts or a reduction in funding by these agencies could adversely impact the activities of MOWCTX In-Home Care.

NOTE L - PAYCHECK PROTECTION PROGRAM

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. On May 6, 2020, MOWCTX In-Home Care entered into unsecured loan agreement in the amount of \$590,500 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the CARES Act. MOWCTX In-Home Care anticipates the loan will be forgiven. MOWCTX In-Home Care has elected to account for the PPP loan as a conditional grant in accordance with FASB ASC Topic 958. As such, management believes they have spent the funds in accordance with the CARES Act and have recognized the entire amount as revenue in the Statement of Activities under Grant and Contract Revenue. The balance at September 30, 2020, due on the PPP loan for MOWCTX In-Home Care is \$590,500.

NOTE M - SUBSEQUENT EVENT

On December 8, 2020, MOWCTX In-Home Care received notification that the full balance of the PPP loan was forgiven.