

Meals On Wheels, Inc. of Tarrant County and Affiliates
Independent Auditor's Reports and Consolidated Financial Statements
September 30, 2018



Meals On Wheels, Inc. of Tarrant County and Affiliates

September 30, 2018

Contents

Independent Auditor’s Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Functional Expenses	7
Notes to Consolidated Financial Statements	8
Supplementary Information	
Schedule of Expenditures of Federal and State Awards	20
Notes to the Schedule of Expenditures of Federal and State Awards	21
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	22
Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance – Independent Auditor’s Report	24
Schedule of Findings and Questioned Costs	26
Summary Schedule of Prior Audit Findings	28

Independent Auditor's Report

The Board of Directors of Meals On Wheels, Inc.
of Tarrant County, the Board of Trustees of
Meals On Wheels, Inc. of Tarrant County
Endowment Fund, and the Board of Directors
of Meals On Wheels Client Assistance, Inc.
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Meals On Wheels, Inc. of Tarrant County and Affiliates (the "Agency"), which comprise the statement of financial position as of September 30, 2018, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Consolidating Information

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule 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* and the State of Texas *Uniform Grant Management Standards* is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 January 18, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

BKD, LLP

Fort Worth, Texas
January 18, 2019

Meals On Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statements of Financial Position
September 30, 2018

	Meals On Wheels, Inc. of Tarrant County	Meals On Wheels, Inc. Endowment	Meals On Wheels Client Assistance, Inc.	Eliminating	Total
Assets					
Cash and cash equivalents	\$ 773,879	\$ 33,319	\$ 405,660	\$ -	\$ 1,212,858
Accounts receivable	606,019	-	1,677	-	607,696
Certificates of deposit	111,321	-	-	-	111,321
Pledges receivable	100,871	-	-	-	100,871
Due from related party	12,747	-	16,591	(29,338)	-
Prepaid expenses and other assets	29,689	-	21,840	-	51,529
Investments	-	1,879,855	-	-	1,879,855
Note receivable	10,776,000	-	-	-	10,776,000
Property and equipment, net	69,413	-	13,282,243	-	13,351,656
Assets restricted to endowment	-	1,236,239	-	-	1,236,239
	<u>\$ 12,479,939</u>	<u>\$ 3,149,413</u>	<u>\$ 13,728,011</u>	<u>\$ (29,338)</u>	<u>\$ 29,328,025</u>
Total assets					
Liabilities and Net Assets					
Liabilities					
Accounts payable	\$ 110,693	\$ -	\$ (268)	\$ -	\$ 110,425
Accrued liabilities	129,213	-	-	-	129,213
Due to related party	16,272	319	12,747	(29,338)	-
Deferred revenue	305,244	-	-	-	305,244
Notes payable, net of unamortized NMTC loan costs	-	-	4,293,428	-	4,293,428
Note payable	-	-	10,776,000	-	10,776,000
	<u>561,422</u>	<u>319</u>	<u>15,081,907</u>	<u>(29,338)</u>	<u>15,614,310</u>
Total liabilities					
Net Assets					
Unrestricted	11,678,598	749,879	(1,450,557)	-	10,977,920
Temporarily restricted	239,919	1,162,976	96,661	-	1,499,556
Permanently restricted	-	1,236,239	-	-	1,236,239
	<u>11,918,517</u>	<u>3,149,094</u>	<u>(1,353,896)</u>	<u>-</u>	<u>13,713,715</u>
Total net assets					
Total liabilities and net assets	<u>\$ 12,479,939</u>	<u>\$ 3,149,413</u>	<u>\$ 13,728,011</u>	<u>\$ (29,338)</u>	<u>\$ 29,328,025</u>

Meals On Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statements of Activities
Year Ended September 30, 2018

	Meals On Wheels, Inc. of Tarrant County			Meals On Wheels, Inc. Endowment				Meals On Wheels Client Assistance, Inc.			Eliminating	Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenues and Other Support:												
Contributions	\$ 2,355,372	\$ 83,401	\$ 2,438,773	\$ -	\$ -	\$ 36,294	\$ 36,294	\$ 2,275	\$ 58,452	\$ 60,727	\$ -	\$ 2,535,794
Federal grants	2,418,559	-	2,418,559	-	-	-	-	-	-	-	-	2,418,559
Texans Feeding Texans	838,756	-	838,756	-	-	-	-	-	-	-	-	838,756
United Way	460,069	-	460,069	-	-	-	-	-	-	-	-	460,069
Other non-federal grants	123,312	-	123,312	-	-	-	-	-	-	-	-	123,312
Special events, net of expenses of \$105,966	152,148	-	152,148	-	-	-	-	-	-	-	-	152,148
Investment income	44,793	-	44,793	47,220	160,189	-	207,409	-	-	-	-	252,202
Oil and gas royalty income	1,480	-	1,480	-	-	-	-	-	-	-	-	1,480
Rental income	143	-	143	-	-	-	-	89,400	-	89,400	-	89,543
Related party rental income	-	-	-	-	-	-	-	150,000	-	150,000	(150,000)	-
Related party unrestricted transfer	44,280	-	44,280	-	-	-	-	-	-	-	(44,280)	-
Other	36,909	-	36,909	-	-	-	-	-	-	-	-	36,909
Gain on sale of assets	4,500	-	4,500	-	-	-	-	-	-	-	-	4,500
Net assets released from restrictions:												
Transfer	18,000	(18,000)	-	-	(44,479)	-	(44,479)	44,479	-	44,479	-	-
Capital campaign	32,125	(625)	31,500	-	(31,500)	-	(31,500)	-	-	-	-	-
Program	194,973	(89,973)	105,000	18,576	(123,576)	-	(105,000)	98,065	(98,065)	-	-	-
Total Revenues and Other Support	6,725,419	(25,197)	6,700,222	65,796	(39,366)	36,294	62,724	384,219	(39,613)	344,606	(194,280)	6,913,272
Expenses:												
Program services	5,732,462	-	5,732,462	-	-	-	-	587,955	-	587,955	(194,280)	6,126,137
Supporting services:												
General and administration	476,596	-	476,596	24,052	-	-	24,052	292,852	-	292,852	-	793,500
Fundraising	393,160	-	393,160	-	-	-	-	-	-	-	-	393,160
Total supporting services	869,756	-	869,756	24,052	-	-	24,052	292,852	-	292,852	-	1,186,660
Total expenses	6,602,218	-	6,602,218	24,052	-	-	24,052	880,807	-	880,807	(194,280)	7,312,797
Change in Net Assets	123,201	(25,197)	98,004	41,744	(39,366)	36,294	38,672	(496,588)	(39,613)	(536,201)	-	(399,525)
Net Assets, Beginning of Year	11,555,397	265,116	11,820,513	708,135	1,202,342	1,199,945	3,110,422	(953,969)	136,274	(817,695)	-	14,113,240
Net Assets, End of Year	\$ 11,678,598	\$ 239,919	\$ 11,918,517	\$ 749,879	\$ 1,162,976	\$ 1,236,239	\$ 3,149,094	\$ (1,450,557)	\$ 96,661	\$ (1,353,896)	\$ -	\$ 13,713,715

Meals On Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statements of Cash Flows
Year Ended September 30, 2018

	Meals On Wheels, Inc. of Tarrant County	Meals On Wheels, Inc. Endowment	Meals On Wheels Client Assistance, Inc.	Total
Cash Flows from Operating Activities				
Change in net assets	\$ 98,004	\$ 38,672	\$ (536,201)	\$ (399,525)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	41,061	-	502,965	544,026
Amortization	-	-	17,812	17,812
Bad debt	83,674	-	-	83,674
Gain on sale of assets	(4,500)	-	-	(4,500)
Net unrealized and realized gains	-	(150,826)	-	(150,826)
(Increase) decrease in operating assets:				
Accounts receivable	(284,326)	-	14,921	(269,405)
Pledges receivable	2,729	-	-	2,729
Prepaid expenses and other assets	36,308	-	2,506	38,814
Increase (decrease) in operating liabilities:				
Accounts payable	(11,975)	(92)	(1,038)	(13,105)
Accrued liabilities	(16,572)	-	-	(16,572)
Deferred revenue	7,022	-	-	7,022
Due from related party	(1,553)	399	1,154	-
Contributions restricted for endowment	-	(36,294)	-	(36,294)
Net cash provided by (used in) operating activities	<u>(50,128)</u>	<u>(148,141)</u>	<u>2,119</u>	<u>(196,150)</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(25,970)	-	-	(25,970)
Proceeds from sale of asset	4,500	-	-	4,500
Purchase of investments	(1,443,825)	(2,840,019)	-	(4,283,844)
Proceeds from sale and maturity of investments	1,543,258	2,354,968	-	3,898,226
Net cash provided by (used in) investing activities	<u>77,963</u>	<u>(485,051)</u>	<u>-</u>	<u>(407,088)</u>
Cash Flows from Financing Activities				
Proceeds restricted for endowment	-	36,294	-	36,294
Proceeds from contributions restricted for capital campaign	5,425	-	-	5,425
Net cash provided by financing activities	<u>5,425</u>	<u>36,294</u>	<u>-</u>	<u>41,719</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33,260	(596,898)	2,119	(561,519)
Cash and Cash Equivalents, Beginning of Year	<u>740,619</u>	<u>630,217</u>	<u>403,541</u>	<u>1,774,377</u>
Cash and Cash Equivalents, End of Year	<u>\$ 773,879</u>	<u>\$ 33,319</u>	<u>\$ 405,660</u>	<u>\$ 1,212,858</u>
Supplemental information:				
Interest paid	\$ -	\$ -	\$ 157,356	\$ 157,356

Meals On Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statements of Functional Expenses
Year Ended September 30, 2018

	Program Services	Supporting Services			Total
		General and Administrative	Development and Marketing	Total Supporting Services	
Meal service	\$ 2,629,420	-	-	-	\$ 2,629,420
Salaries	1,883,480	200,134	160,770	360,904	2,244,384
Staff benefits	199,645	37,433	12,478	49,911	249,556
Staff training	4,671	4,833	3,433	8,266	12,937
Retirement expense	123,990	14,688	13,953	28,641	152,631
Payroll taxes	138,075	10,561	11,875	22,436	160,511
Professional fees	52,705	35,030	3,125	38,155	90,860
Supplies	32,296	12,572	6,087	18,659	50,955
Telephone and communication	32,562	6,043	3,159	9,202	41,764
Postage	22,498	4,017	10,703	14,720	37,218
Computer expense	36,863	10,444	3,422	13,866	50,729
Occupancy	78,153	8,892	8,892	17,784	95,937
Volunteer expenses	18,524	-	-	-	18,524
Transportation	75,986	382	1,466	1,848	77,834
Repairs and maintenance	55,435	5,399	5,365	10,764	66,199
Advertising	-	-	5,135	5,135	5,135
Direct mail and newsletter	77,971	-	71,974	71,974	149,945
Printing	32,143	8,415	4,919	13,334	45,477
Delivery	34,451	-	-	-	34,451
Subscriptions	228	11,910	6,526	18,436	18,664
Equipment	17,469	2,242	793	3,035	20,504
Miscellaneous	980	8,758	4,308	13,066	14,046
Client services	69,226	-	-	-	69,226
Insurance	85,086	11,651	3,884	15,535	100,621
Special events	-	-	2,955	2,955	2,955
Bank fees	-	35,587	4,935	40,522	40,522
Property and unrelated business income taxes	-	25,981	-	25,981	25,981
Bad debts	-	83,674	-	83,674	83,674
Interest and taxes	-	175,168	-	175,168	175,168
Security	2,354	442	147	589	2,943
Total Expenses Before Depreciation	5,704,211	714,256	350,304	1,064,560	6,768,771
Depreciation	421,926	79,244	42,856	122,100	544,026
Total Expenses	\$ 6,126,137	\$ 793,500	\$ 393,160	\$ 1,186,660	\$ 7,312,797

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

September 30, 2018

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Meals On Wheels Inc. of Tarrant County (the “Agency”) programs include functions and activities which are primarily concerned with meeting the nutritional needs of the homebound elderly and the disabled people in Tarrant County, who are unable to provide these meals for themselves. A caseworker visits each client periodically to ensure that their needs are being met and to ensure that their eligibility status is intact.

The Meals On Wheels, Inc. of Tarrant County Endowment Fund (the “Endowment”), created in 1995, is a separate not-for-profit organization, whose purpose is to manage and invest contributions for the Agency in order to provide for its operations.

Meals On Wheels Client Assistance, Inc. (“MOWCA”) is a separate not-for-profit entity incorporated in 2015 to facilitate client assistance activities and build and hold a new operations building for the Agency.

Basis of Presentation

The Organization’s consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the Agency, the Endowment and MOWCA, all of which are under common control (collectively, the “Organization”). Significant inter-organizational transactions and balances have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

September 30, 2018

Accounts Receivable

Accounts receivable represent government grant receivables at September 30, 2018. No allowance for doubtful accounts was considered necessary at September 30, 2018, based upon past experience and analysis of current receivable collectability.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the consolidated statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are generally recorded at cost and depreciated over the estimated useful life of the assets using the straight-line method. Improvements that increase the useful life of the asset are capitalized; otherwise, the costs are expensed as incurred. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	40 years
Furniture and equipment	5-10 years
Vehicles	5 years

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

September 30, 2018

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Revenue Recognition

The Organization records contributions from donors as revenue when the gift is received or when the Organization learns of the donor's intention to make a gift, which results in a pledge receivable. Promises to give in excess of one year are recorded at their net present value. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grant revenue is recognized as revenue upon commencement of the related service.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Impairment of Long-lived Assets

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended September 30, 2018.

Deferred Revenue

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

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services also include services received from personnel of an affiliate.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

September 30, 2018

Functional Allocation of Expenses

The costs of providing the programs and activities of the Organization have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program services and supporting services based upon specific identification of costs, approximate percentage of time expended or usage of building, as appropriate.

Government Grants

Support funded by grants is recognized as the Agency performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Agency, the Endowment and MOWCA are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, they are subject to federal income tax on any unrelated business taxable income.

They file tax returns in the U.S. federal jurisdiction.

Subsequent Events

Management evaluated subsequent events through January 18, 2019, which is the date the financial statements were available to be issued.

Note 2: Pledges Receivable

At September 30, 2018, the Agency has pledges receivable of \$100,246 restricted for program services and future operating needs. These amounts are expected to be collected within the next year. No allowance for doubtful contributions receivable is considered necessary at September 30, 2018.

Note 3: Note Receivable

In conjunction with the New Market Tax Credit transaction, the Agency issued a secured note receivable to Chase NMTC Investment Fund, LLC. The balance of the note receivable at September 30, 2018 was \$10,776,000. The note matures on November 30, 2054, with interest accruing monthly at a rate of 0.5%. Interest-only payments are due quarterly until January 2022. Beginning June 2022, principal and interest payments of \$89,329 are due quarterly until the maturity date.

Meals on Wheels, Inc. of Tarrant County and Affiliates
Notes to Consolidated Financial Statements
September 30, 2018

Maturity of the note receivable is as follows for the year ending September 30:

2019	\$	-
2020		-
2021		-
2022		160,357
2023		304,081
Thereafter		<u>10,311,562</u>
	\$	<u><u>10,776,000</u></u>

Note 4: Property and Equipment

Property and equipment at September 30, 2018, consists of:

Land	\$	545,665
Building and improvements		13,141,460
Furniture and equipment		1,092,436
Vehicles		<u>378,333</u>
		15,157,894
Less accumulated depreciation		<u>(1,806,238)</u>
	\$	<u><u>13,351,656</u></u>

Note 5: Temporarily Restricted Net Assets

Temporarily restricted net assets of the Agency, Endowment, and MOWCA at September 30, 2018, are restricted by the donors as follows:

Agency		
Program service expenses	\$	139,673
Future operating needs		100,246
Endowment – <i>Note 7</i>		
Program expenses		991,054
Unappropriated endowment earnings		171,922
MOWCA		
Program expenses		<u>96,661</u>
	\$	<u><u>1,499,556</u></u>

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

September 30, 2018

Note 6: Employee Benefit Plan

The Agency has established for its employees a Simplified Employee Pension – Individual Retirement Plan (SEP-IRA Plan) that provides retirement benefits to all eligible employees. The SEP-IRA Plan is a defined contribution plan. All employees over age 21 and having worked two consecutive calendar years are eligible to participate in the Plan. Under direction of the Board of Directors, the Agency contributes a minimum of 5% and currently contributes 8% of the employees' gross wages into the SEP-IRA Plan. The employee is immediately fully vested. The Agency also has a tax deferred annuity plan that complies with Section 403(b) of the Internal Revenue Code. Employees may make voluntary contributions, up to limits prescribed by law, to the 403(b) Plan in addition to the 8% contributed by the Agency to the SEP-IRA Plan. Agency contributions in the year ended September 30, 2018, were approximately \$153,000.

Note 7: Endowment Funds

During 1995, a donor established an endowment fund for the Agency. It is the purpose and intent of the Endowment to receive, invest, and manage contributions received by the Endowment to assist the Agency and no other organization in order to provide for its clients.

Interpretation of Relevant Law

The Board of Trustees (the "Trustees") of the Endowment has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Texas to require the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Therefore, the Endowment will classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Endowment in a manner consistent with the standard of prudence prescribed by UPMIFA.

Additionally, amounts considered temporarily restricted include \$991,054 for the pet care program. Distributions from this contribution will be made in accordance with the Endowment's spending policy.

In accordance with UPMIFA, the Endowment considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Endowment and the donor restricted portion of the Endowment fund
3. General economic conditions
4. Possible effect of inflation and deflation

Meals on Wheels, Inc. of Tarrant County and Affiliates
Notes to Consolidated Financial Statements
September 30, 2018

5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Endowment
7. Investment policies of the Endowment

Composition and Activity of Endowment Funds

Endowment net asset composition by type of funds at September 30, 2018, follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	\$ -	\$ 1,162,976	\$ 1,236,239	\$ 2,399,215
Board designated	749,879	-	-	\$ 749,879
	<u>\$ 749,879</u>	<u>\$ 1,162,976</u>	<u>\$ 1,236,239</u>	<u>\$ 3,149,094</u>

The changes in the endowment net assets for the years ended September 30, 2018, follow:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, Beginning of Year	\$ 708,135	\$ 1,202,342	\$ 1,199,945	\$ 3,110,422
Contributions	-	-	36,294	36,294
Unrealized/realized gains	34,338	116,488	-	150,826
Interest and dividends	12,882	43,701	-	56,583
Appropriations of Endowment net assets for expenditure:				
Expenses	(5,476)	(18,576)	-	(24,052)
Transfers to Agency	-	(136,500)	-	(136,500)
Transfers to MOWCA	-	(44,479)	-	(44,479)
Balance, End of Year	<u>\$ 749,879</u>	<u>\$ 1,162,976</u>	<u>\$ 1,236,239</u>	<u>\$ 3,149,094</u>

Return Objectives and Risk Parameters

The Endowment has adopted investment and spending policies for Endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its Endowment while seeking to maintain the purchasing power of the Endowment assets. Endowment assets include those assets of donor-restricted endowment funds that must be held in perpetuity or for donor-specified periods as well as funds temporarily restricted by the donor. Under this policy, as approved by the Board of Trustees, the Endowment assets are invested assuming a moderate level of investment risk. The Endowment expects its funds to provide an average rate of return of approximately 3% annually. Actual returns in any given year may vary from this amount.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

September 30, 2018

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Endowment relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Endowment targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and how the Investment Objective Relate to the Spending Policy

Annually, the board may designate, as a distribution to the Agency, at least 2% and not to exceed 6% of the average of (1) the value of the Endowment's assets as of the date of the most recently ended fiscal year and (2) the value of the Endowment's assets on the date of its fiscal year ended one year prior. This policy will ensure that the movement of the market value of the Endowment assets with return objectives as set forth and the expenditure of the Endowment income are correlated.

Note 8: Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2018:

Meals on Wheels, Inc. of Tarrant County and Affiliates
Notes to Consolidated Financial Statements
September 30, 2018

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money markets	\$ 152,412	\$ 152,412	\$ -	\$ -
Fixed income mutual funds	729,901	729,901	-	-
Equity mutual funds	2,233,781	2,233,781	-	-
	<u>\$ 3,116,094</u>	<u>\$ 3,116,094</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation to Statement of Financial Position

Investments	\$ 1,879,855
Assets restricted to endowment	<u>1,236,239</u>
	<u>\$ 3,116,094</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization did not have any Level 2 or Level 3 investments at September 30, 2018.

Investment Income

Total investment income is comprised of the following for the year ending September 30, 2018:

Interest and dividend income	\$ 60,517
Realized and unrealized gains on investments, reported at fair value	150,826
Interest from note receivable	<u>40,859</u>
	<u>\$ 252,202</u>

Meals on Wheels, Inc. of Tarrant County and Affiliates
Notes to Consolidated Financial Statements
September 30, 2018

Note 9: Notes Payable

MOWCA has notes payable totaling \$15,680,000 as of September 30, 2018 due to four Community Development Entities (“CDEs”). The notes payable have an interest rate of 0.99% and will mature on November 30, 2054. Interest only payments are due quarterly until February 28, 2022, after that date, quarterly payments of principal and interest are due until the maturity date. The loans are collateralized by all property of MOWCA and guaranteed by the Agency. Interest expense totaled \$157,356 in 2018. The loans contain certain financial and non-financial covenants.

The notes payable, net of unamortized loan costs at September 30, 2018 are as follows:

Original amount of loan	15,680,000
Unamortized loan costs	<u>(610,572)</u>
	<u>\$ 15,069,428</u>

The Agency reported amortization of loan costs of \$17,812 in 2018.

Maturities of notes payable are as follows for the years ending September 30:

2019	\$ -
2020	-
2021	-
2022	236,785
2023	408,466
Thereafter	<u>15,034,749</u>
	<u>\$ 15,680,000</u>

Note 10: Economic Dependency

The Agency receives a substantial amount of its support from federal and state government grants and contracts. These grants and contracts require fulfillment of certain conditions as set forth in the grant documents. Failure to fulfill the conditions could result in the return of funds to grantors.

Note 11: Lease Commitments

MOWCA purchased land in 2015 from the Agency that includes a building that the Agency has leased to an unrelated third party under a noncancelable operating lease since 2012. The agreement has an original term of five-years, including two five-year options to renew. The lessee has exercised the first of these options and the current lease will be eligible to be renewed as of July 31, 2022. The property has a cost basis of \$560,821 with \$44,644 in accumulated depreciation as of September 30, 2018. There was \$89,400 in revenue recorded as rental income for the year ended September 30, 2018.

Meals on Wheels, Inc. of Tarrant County and Affiliates
Notes to Consolidated Financial Statements
September 30, 2018

A schedule by years of future minimum rentals under the lease follows:

<u>Year Ending September 30,</u>		
2019	\$	89,400
2020		89,400
2021		89,400
2022		<u>74,500</u>
	\$	<u><u>342,700</u></u>

In addition, the Agency rents its facilities from MOWCA under a non-cancellable operating lease and pays \$37,500 quarterly. Rent expense for 2018 was \$150,000.

Note 12: Related Party Transactions

The following related party transactions occurred during 2018:

	<u>The Agency</u>	<u>MOWCA</u>
Distributions from Endowment		
Pet related client services	\$ -	\$ 44,479
General operations	105,000	-
Capital campaign	31,500	-
Distributions from MOWCA		
Salaries and benefits	44,280	-
Distributions from Agency		
Rent	<u>-</u>	<u>150,000</u>
	<u><u>\$ 180,780</u></u>	<u><u>\$ 194,479</u></u>

At September 30, 2018, the Agency had an outstanding balance due to MOWCA of \$16,272, MOWCA had an outstanding balance due to the Agency of \$12,747 and Endowment had an outstanding balance of \$319 due to MOWCA.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

September 30, 2018

Note 13: Future Change in Accounting Principle

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, for nonpublic entities. The Organization is in the process of evaluating the impact the amendment will have on the financial statements.

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019. The Organization is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Supplementary Information

Meals on Wheels, Inc. of Tarrant County and Affiliates
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2018

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Total Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Texas Department on Aging/ Area Agency on Aging of Tarrant County/ Aging Cluster			
Special Programs for the Aging, Title III, Part C, Nutrition Services	0148-04C	93.045	\$ 1,572,677
PPHF Geriatric Education Centers/ UNT Health Science Center Area Agency on Aging of Tarrant County			
WE HAIL/Home Meds	N/A	93.969	60,217
Texas Department of Health and Human Services/ Area Agency on Aging of Tarrant County			
Alzheimer's Disease Initiative, Specialized Supportive Services Project thru Prevention and Public Health Funds	N/A	93.763	171,824
Texas Department of Health and Human Services Social Services Block Grant			
CCAD-Title XX Home Delivered Meals	PS-052-67P-00	93.667	260,820
CBA-Title XIX Home Delivered Meals	PS-052-67P-00	93.667	257,273
Total CFDA 93.667			<u>518,093</u>
Total U.S. Department of Health and Human Services			<u>2,322,811</u>
U.S. Department of Housing and Urban Development			
CDBG Entitlements Grants Cluster			
City of Arlington			
Community Development Block Grant Entitlement Grants	2017-2018	14.218	4,166
Community Development Block Grant Entitlement Grants	2016-2017	14.218	17,305
City of Fort Worth			
Community Development Block Grant Entitlement Grants	49974	14.218	<u>76,350</u>
Total U.S. Department of Housing and Urban Development			<u>97,821</u>
Total Federal Awards			<u>2,420,632</u>
STATE AWARDS			
Texas Department of Agriculture			
Texas Feeding Texas: Home Delivered			
Meal Grant Program 2018 - 2019	HDM-18-3087	STATE	545,434
Meal Grant Program 2017 - 2018	HDM-17-1899	STATE	<u>293,322</u>
Total State Awards			<u>838,756</u>
Total Expenditures of Federal and State Awards			<u>\$ 3,259,388</u>

Meals On Wheels, Inc. of Tarrant County
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2018

Notes to Schedule

1. The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal and state award activity of Meals On Wheels, Inc. of Tarrant County (Agency) under programs of the federal and state government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Texas *Uniform Grant Management Standards* (UGMS) Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Agency has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.
3. Of the federal and state expenditures presented in the schedule, the Agency provided no federal or state awards to subrecipients.
4. The Agency did not receive any non-cash assistance from federal or state awards for the year ended September 30, 2018.

**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***

Independent Auditor's Report

Board of Directors
Meals On Wheels, Inc. of Tarrant County and Affiliates
Fort Worth, Texas

We have audited, 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, the consolidated financial statements of Meals On Wheels, Inc. of Tarrant County and Affiliates (the "Agency"), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 the Agency's consolidated 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Fort Worth, Texas
January 18, 2019

Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Meals On Wheels, Inc. of Tarrant County
Fort Worth, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Meals On Wheels, Inc. of Tarrant County's (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards (UGMS)* that could have a direct and material effect each of on the Agency's major federal and state programs for the year ended September 30, 2018. The Agency's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency'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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the UGMS. Those standards, the Uniform Guidance, and UGMS 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Agency'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 of the Agency's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Agency 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, 2018.

Report on Internal Control Over Compliance

Management of the Agency 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 the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, 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 the Agency'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 over compliance 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.

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

BKD, LLP

Fort Worth, Texas
January 18, 2019

Meals On Wheels, Inc. of Tarrant County and Affiliates
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
- Unmodified Qualified Adverse Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
- Significant deficiency(ies)? Yes None reported
- Material weakness(es)? Yes No
3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal and State Awards

4. The independent auditor's report on internal control over compliance for major federal and state awards programs disclosed:
- Significant deficiency(ies)? Yes None reported
- Material weakness(es)? Yes No
5. The opinion expressed in the independent auditor's report on compliance for major federal and state awards was:
- Unmodified Qualified Adverse Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No
7. The audit disclosed findings required to be reported by UGMS? Yes No

Meals On Wheels, Inc. of Tarrant County and Affiliates
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

8. The Agency' major programs were:

Cluster/Program	CFDA Number
Aging Cluster	93.045
Texas Feeding Texas: Home Delivered	State

9. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

10. The threshold used to distinguish between Type A and Type B programs as those terms are defined in UGMS was \$300,000.

11. The Organization qualified as a low-risk auditee? Yes No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
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No matters are reportable.

Findings Required to be Reported by UGMS

Reference Number	Finding
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No matters are reportable.

Meals On Wheels, Inc. of Tarrant County
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2018

Reference Number	Summary of Finding	Status
2017-001	<p>Criteria or specific requirement – Depreciation is required to be expensed over the estimated life of the asset in accordance with generally accepted accounting principles.</p> <p>Condition – Depreciation expense was calculated incorrectly.</p> <p>Effect – Depreciation was overstated by \$165,000.</p> <p>Cause – An incorrect formula was used in the calculation of depreciation.</p>	Resolved.