



Meals on Wheels, Inc. of Tarrant County and Affiliates

**Consolidated Financial Statements
with Supplementary Information and Compliance Reports
September 30, 2021**

Meals on Wheels, Inc. of Tarrant County and Affiliates

Contents

Consolidated Financial Statements:

Independent Auditors' Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

Supplementary Information and Compliance Reports:

Schedule of Expenditures of Federal and State Awards	22
Notes to Schedule of Expenditures of Federal and State Awards	23
Report of Independent Auditors' 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>	24
Report of Independent Auditors' on Compliance for Each Major Federal and State Program and on Internal Control over Compliance Required by the Uniform Guidance and State of Texas <i>Uniform Grant Management Standards</i>	26
Schedule of Findings and Questioned Costs	29

Independent Auditors' Report

To the Board of Directors
Meals on Wheels, Inc. of Tarrant County and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Meals on Wheels, Inc. of Tarrant County and Affiliates, which comprise the consolidated statement of financial position as of September 30, 2021, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. The financial statements of the Affiliates were not audited in accordance with *Government Auditing Standards*.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

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 of Federal Awards* and the State of Texas *Uniform Grant Management Standards*, is presented for purposes of additional analysis and is also 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. This 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 U.S. generally accepted auditing standards. In our opinion, such 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 19, 2022 on our consideration of Meals on Wheels, Inc. of Tarrant County'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 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, Inc. of Tarrant County's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas
January 19, 2022

Meals on Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statement of Financial Position
September 30, 2021

	Meals On Wheels, Inc. of Tarrant County	Meals On Wheels, Inc. Endowment	Meals On Wheels Client Assistance, Inc.	Eliminating	Consolidated Total
Assets					
Cash and cash equivalents	\$ 1,659,857	\$ 37,102	\$ 348,394	\$ -	\$ 2,045,353
Certificate of deposit	118,024	-	-	-	118,024
Accounts receivable	1,639,586	-	-	-	1,639,586
Pledges receivable	182,770	-	-	-	182,770
Due from affiliate	-	186	4,887	(5,073)	-
Prepaid expenses and other assets	49,225	-	26,007	-	75,232
Investments	-	2,538,181	-	-	2,538,181
Note receivable - new market tax credit	10,776,000	-	-	-	10,776,000
Property and equipment, net	987,946	-	12,029,939	-	13,017,885
Investments to be held in perpetuity	-	1,501,504	-	-	1,501,504
Total assets	\$ 15,413,408	\$ 4,076,973	\$ 12,409,227	\$ (5,073)	\$ 31,894,535
Liabilities and Net Assets (Deficit)					
Accounts payable	\$ 209,232	\$ -	\$ -	\$ -	\$ 209,232
Accrued liabilities	276,382	-	-	-	276,382
Due to affiliate	5,073	-	-	(5,073)	-
Refundable advance	354,907	-	-	-	354,907
Deferred revenue	93,592	-	-	-	93,592
Deposits	4,900	-	-	-	4,900
Notes payable - new market tax credit, net	-	-	15,122,176	-	15,122,176
Total liabilities	944,086	-	15,122,176	(5,073)	16,061,189
Net assets (deficit) without donor restrictions	13,995,541	1,165,800	(2,897,057)	-	12,264,284
Net assets with donor restrictions	473,781	2,911,173	184,108	-	3,569,062
Total net assets (deficit)	14,469,322	4,076,973	(2,712,949)	-	15,833,346
Total liabilities and net assets (deficit)	\$ 15,413,408	\$ 4,076,973	\$ 12,409,227	\$ (5,073)	\$ 31,894,535

See notes to consolidated financial statements.

Meals on Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statement of Activities
Year Ended September 30, 2021

	Meals on Wheels, Inc. of Tarrant County			Meals on Wheels, Inc. Endowment			Meals on Wheels Client Assistance, Inc.			Eliminating	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenue and support:											
Contributions	\$ 3,724,880	\$ 282,018	\$ 4,006,898	\$ 234,345	\$ -	\$ 234,345	\$ 8,045	\$ 40,548	\$ 48,593	\$ -	\$ 4,289,836
Government grants	7,652,984	-	7,652,984	-	-	-	-	-	-	-	7,652,984
United Way	182,913	-	182,913	-	-	-	-	-	-	-	182,913
Special events (net of direct costs of \$20,978)	158,747	-	158,747	-	-	-	-	-	-	-	158,747
Net investment income	61,950	-	61,950	154,792	520,468	675,260	-	-	-	-	737,210
Rental income	-	-	-	-	-	-	239,400	-	239,400	(150,000)	89,400
Contributions and transfers from affiliate	47,976	91,210	139,186	-	-	-	-	39,627	39,627	(178,813)	-
Other	116,806	-	116,806	-	-	-	-	-	-	-	116,806
Net assets released from restrictions:											
Satisfaction of time restrictions	77,111	(77,111)	-	-	-	-	-	-	-	-	-
Satisfaction of program restrictions	134,386	(134,386)	-	130,837	(130,837)	-	27,397	(27,397)	-	-	-
Total revenue and support	12,157,753	161,731	12,319,484	519,974	389,631	909,605	274,842	52,778	327,620	(328,813)	13,227,896
Expenses:											
Program services	9,666,651	-	9,666,651	130,837	-	130,837	457,300	-	457,300	(558,131)	9,696,657
Supporting services:											
General and administrative	916,155	-	916,155	5,584	-	5,584	305,071	-	305,071	200,287	1,427,097
Fundraising	832,569	-	832,569	5,500	-	5,500	-	-	-	29,031	867,100
Total expenses	11,415,375	-	11,415,375	141,921	-	141,921	762,371	-	762,371	(328,813)	11,990,854
Net operating income	742,378	161,731	904,109	378,053	389,631	767,684	(487,529)	52,778	(434,751)	-	1,237,042
Other income											
Forgiveness of Paycheck Protection Program loan	608,800	-	608,800	-	-	-	-	-	-	-	608,800
Change in net assets	1,351,178	161,731	1,512,909	378,053	389,631	767,684	(487,529)	52,778	(434,751)	-	1,845,842
Net assets (deficit) at beginning of year	12,644,363	312,050	12,956,413	787,747	2,521,542	3,309,289	(2,409,528)	131,330	(2,278,198)	-	13,987,504
Net assets (deficit) at end of year	\$ 13,995,541	\$ 473,781	\$ 14,469,322	\$ 1,165,800	\$ 2,911,173	\$ 4,076,973	\$ (2,897,057)	\$ 184,108	\$ (2,712,949)	\$ -	\$ 15,833,346

See notes to consolidated financial statements.

Meals on Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statement of Functional Expenses
Year Ended September 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Meal service	\$ 5,032,036	\$ -	\$ -	\$ 5,032,036
Personnel costs	3,150,403	782,752	483,815	4,416,970
Professional fees	109,246	116,499	94,245	319,990
Supplies	219,874	16,749	13,363	249,986
Printing, postage and direct mailers	21,573	87,820	216,899	326,292
Occupancy	129,104	13,430	10,806	153,340
Volunteer	1,094	-	-	1,094
Transportation	133,356	2,000	1,000	136,356
Repairs, maintenance and rentals	84,569	6,613	4,862	96,044
Other	52,134	90,877	15,559	158,570
Client services	135,247	-	-	135,247
Insurance	144,708	16,925	4,834	166,467
Special events	-	-	42,695	42,695
Interest and taxes	13,712	187,869	-	201,581
Depreciation and amortization	469,601	105,563	-	575,164
Total expenses by function	9,696,657	1,427,097	888,078	12,011,832
Less costs not included in expenses on the consolidated statement of activities				
Direct costs of special events	-	-	(20,978)	(20,978)
Total expenses included in the expense section on the consolidated statement of activities	\$ 9,696,657	\$ 1,427,097	\$ 867,100	\$ 11,990,854

See notes to consolidated financial statements.

Meals on Wheels, Inc. of Tarrant County and Affiliates
Consolidated Statement of Cash Flows
Year Ended September 30, 2021

	Meals on Wheels, Inc. of Tarrant County	Meals on Wheels, Inc. Endowment	Meals on Wheels Client Assistance, Inc.	Consolidated Total
Cash flows from operating activities:				
Change in net assets	\$ 1,512,909	\$ 767,684	\$ (434,751)	\$ 1,845,842
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	171,462	-	386,234	557,696
Amortization of debt issuance costs	-	-	17,468	17,468
Gain from sale of property and equipment	(15,000)	-	-	(15,000)
Net unrealized and realized gains	-	(642,752)	-	(642,752)
Forgiveness of Paycheck Protection Program loan	(608,800)	-	-	(608,800)
Changes in operating assets and liabilities:				
Accounts receivable	(601,142)	-	29,147	(571,995)
Pledges receivable	(182,467)	-	-	(182,467)
Prepaid expenses and other assets	71,693	-	6,251	77,944
Accounts payable	(16,852)	-	(9,516)	(26,368)
Accrued liabilities	30,398	-	-	30,398
Refundable advance	73,821	-	-	73,821
Deferred revenue	81,142	-	-	81,142
Due (to)/from affiliate	4,336	(136)	(4,200)	-
Net cash provided (used) by operating activities	521,500	124,796	(9,367)	636,929
Cash flows from investing activities:				
Proceeds from sales of investments	-	138,493	-	138,493
Purchases of investments	-	(260,018)	-	(260,018)
Purchase of a certificate of deposit	(118,024)	-	-	(118,024)
Proceeds from sale of property and equipment	15,000	-	-	15,000
Purchases of property and equipment	(634,426)	-	-	(634,426)
Net cash used by investing activities	(737,450)	(121,525)	-	(858,975)
Net change in cash and cash equivalents	(215,950)	3,271	(9,367)	(222,046)
Cash and cash equivalents at beginning of year	1,875,807	33,831	357,761	2,267,399
Cash and cash equivalents at end of year	\$ 1,659,857	\$ 37,102	\$ 348,394	\$ 2,045,353
Supplemental cash flow information:				
Interest paid	\$ -	\$ -	\$ 157,356	\$ 157,356
Taxes paid	\$ -	\$ -	\$ 28,185	\$ 28,185

See notes to consolidated financial statements.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

1. Organization

Meals On Wheels, Inc. of Tarrant County (Agency) is a 501(c)(3) not-for-profit charitable organization formed in 1973. The Agency's mission is to promote the dignity and independence of older adults, persons with disabilities, and other homebound persons by delivering nutritious meals and providing or coordinating needed services. By providing home-delivered meals, professional case management, and other needed items or services to our homebound, elderly and disabled clients, we enable them to remain living independently in their own homes. We serve all of Tarrant County, providing approximately 1 million meals each year to some of Tarrant County's most frail citizens.

Meals on Wheels, Inc. of Tarrant County Endowment Fund (Endowment Fund) was incorporated in 1995 to perform charitable activities including receiving, investing and managing contributions for the exclusive benefit of the Agency. The Agency elects or appoints the board of trustees of the Endowment Fund.

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 the operations building for the Agency. The Agency appoints a majority of the board of directors of MOWCA.

2. Summary of Significant Accounting Policies

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of the Agency, Endowment Fund and MOWCA (collectively, the Organization). Inter-organizational transactions and balances have been eliminated.

Basis of Accounting

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Financial Statement Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. As of September 30, 2021, the

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

Organization's governing board has designated, from net assets without donor restrictions, \$1,165,800 for a board-designated endowment.

Net assets with donor restrictions - Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board approved spending policy. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Gains or losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Net assets with donor restrictions whose restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same year as the revenue is recognized are classified as net assets without donor restrictions in the consolidated statement of activities.

Concentrations of Credit Risk

Concentrations of credit risk consist of cash and cash equivalents, certificates of deposit, pledges and accounts receivable and investments in marketable securities. Cash, cash equivalents and certificates of deposit are placed with high credit quality financial institutions to minimize risk. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2021, the Organization's uninsured balances totaled \$22,084. Management has placed these funds with high credit quality financial institutions to minimize risk. The Organization has not experienced any losses on such assets.

Unconditional promises to give (pledges receivable) are unsecured and are due from various donors. Accounts receivable are unsecured and represent amounts due from various government grant contracts. The Organization continually evaluates the collectability of pledges receivable and accounts receivable and maintains allowances for potential losses, if considered necessary. At September 30, 2021, approximately 90% of accounts receivable was due from one grantor.

Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased.

Certificates of Deposit

Certificates of deposit are recorded based on their carrying value which approximates fair value. At September 30, 2021 the Organization has one certificate of deposit with an interest rate of 1.5%. The certificate of deposit matures December 19, 2022.

Pledges Receivable

Pledges receivable represents unconditional promises to give from various donors. These amounts are expected to be collected within the next year. No allowance for doubtful pledges receivable is considered necessary at September 30, 2021.

Accounts Receivable

Accounts receivable represent government grant receivables. No allowance for doubtful accounts was considered necessary at September 30, 2021, based upon past experience and analysis of current receivable collectability. Accounts receivable are expected to be collected within the next year.

Investments

Investments in equity securities having a readily determinable fair value and 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 net assets without donor restrictions. Other investment return is reported in the consolidated statement of activities as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is calculated using the straight-line method based

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

upon the estimated useful lives of 40 years for buildings and improvements, 5 to 10 years for furniture and equipment, and 5 years for vehicles.

Impairment of Long-Lived Assets

The Organization evaluates the recoverability of the carrying value of its long-lived assets whenever events or circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. No asset impairment was recognized during the year ended September 30, 2021.

Debt Issuance Costs

Debt issuance costs of \$676,874 are capitalized and expensed over the term of the related debt agreement. Accumulated amortization totaled \$119,050 at September 30, 2021. Related amortization expense for the year ended September 30, 2021 was \$17,468. Debt issuance costs are shown as a reduction of the carrying amount of the debt and the amortization expense is included in interest expense in the accompanying consolidated statement of functional expenses.

Deferred Revenue

Deferred revenue consists of amounts received in advance for fundraising and volunteer events to be held in the following fiscal year.

Refundable Advance

Refundable advance 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.

Revenue Recognition

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected.

The Organization recognizes contributions when cash, securities or other assets; or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

Revenue from government grants and contracts consist of cost reimbursable federal and state contracts and grants, which are generally conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances. The Organization was awarded cost reimbursable grants of \$596,782 that have not been recognized as revenue at September 30, 2021, because qualifying expenditures have not yet been incurred.

Rental revenue is recognized over the life of the lease.

The Organization records donated goods at fair value on the date the gift is received. During the year ended September 30, 2021, the Organization did not receive any material donated goods.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when 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.

Numerous volunteers have donated significant time to the Organization's home delivered meal program. No amounts have been recognized in the accompanying consolidated statement of activities because the criteria for recognition under GAAP have not been satisfied. Although no amounts have been reflected in the consolidated financial statements, management estimates that approximately 63,240 volunteer hours with an estimated value of \$822,120 were provided to the Organization to deliver meals to those in need during the year ended September 30, 2021.

Advertising Costs

The Organization uses advertising to inform the public of its available services and programs. Advertising costs are expensed as incurred. For the year ended September 30, 2021, advertising costs totaled \$9,648.

Allocation of Functional Expenses

The costs of program and supporting services have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited based on a reasonable basis that is consistently applied. The expenses that are allocated include insurance, depreciation, utilities, interest and depreciation, which are allocated on a square footage basis, as well as personnel costs which are allocated on the basis of estimates of time and effort.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

Federal Income Taxes

The Agency, Endowment Fund, and MOWCA are recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and are not private foundations as defined in the IRC. However, the Organization is subject to federal income on any unrelated business taxable income. The Organization did not have a material unrelated business income tax liability as of September 30, 2021. Therefore, no tax provision or liability has been reported in the accompanying consolidated financial statements. The Organization had no significant uncertain tax positions for the year ended September 30, 2021.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions regarding certain assets, liabilities, revenue and expenses. Actual results could differ from estimated amounts.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases*, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. The standard takes effect for fiscal years beginning after December 15, 2021.

In 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in an effort to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The ASU requires NFPs to present contributed nonfinancial assets (gifts in kind) as a separate line item in the statement of activities.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

The ASU requires additional footnote disclosures that include:

- disaggregation of gifts-in-kind by asset category and corresponding asset value,
- whether the asset was monetized or used,
- if used, a description of the programs or services that used the asset,
- if monetized, information about the reporting entity's monetization policy,
- the valuation techniques used to value the asset, including the principal market used to
- arrive at a fair value measure, and
- a description of any donor-imposed restrictions.

ASU 2020-07 requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

3. Investments

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 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 and inputs 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:

Money Market Funds - These funds are valued using \$1 for the net asset value (NAV) which is classified within level 1 of the hierarchy.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

Mutual Funds - These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

The Organization's investments at fair value are as follows as of September 30, 2021:

Money market funds	\$ 230,326
Mutual funds:	
Equity	2,871,335
Fixed income	872,634
Index	<u>65,390</u>
	<u><u>\$ 4,039,685</u></u>

Reconciliation to the consolidated statement of financial position:

Investments	\$ 2,538,181
Investments to be held in perpetuity	<u>1,501,504</u>
	<u><u>\$ 4,039,685</u></u>

Net investment income consists of the following for the year ended September 30, 2021:

Interest and dividends	\$ 112,177
Realized gains	143,801
Unrealized gains	498,951
Investment fees	<u>(17,719)</u>
Net investment income	<u><u>\$ 737,210</u></u>

4. Note Receivable - New Market Tax Credit

The Agency entered into an agreement in January 2015 to lend \$10,776,000 to Chase NMTC MOWI Investment Fund, LLC (Chase NMTC Fund). The note is secured by Chase NMTC Fund's membership interest in four community development entities: CNMC Sub-CDE 76 LLC (CNMC), CHHS Subsidiary CDE 19, LLC (CHHS), Impact CDE 50 LLC (Impact) and UACD Sub CDE XXI LLC (UACD), (collectively, the CDEs) and property held by a secured party. The interest rate on the note is fixed at .05%. Interest is due quarterly beginning March 2015 until January 2022. Thereafter, principal and interest payments of \$89,329 are due quarterly with all unpaid principal and interest due on November 30, 2054, the maturity date.

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

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

2022	\$ 146,696
2023	303,976
2024	305,378
2025	307,072
2026	308,633
Thereafter	<u>9,404,245</u>
	<u>\$10,776,000</u>

The interest income on the note receivable – NMTC is approximately \$55,000 per year and is included in net investment income in the accompanying consolidated statement of activities.

5. Property and Equipment

Property and equipment consist of the following at September 30, 2021:

Land	\$ 545,665
Building and improvements	13,141,460
Furniture and equipment	1,649,394
Vehicles	835,150
Software	<u>33,020</u>
	16,204,689
Less accumulated depreciation	<u>(3,186,804)</u>
Property and equipment, net	<u>\$ 13,017,885</u>

Depreciation expense totaled \$557,696 for the year ended September 30, 2021.

6. Notes Payable - New Market Tax Credit

The Organization has notes payable totaling \$15,680,000 as of September 30, 2021 due to four Community Development Entities (CDEs). The loans financed the construction of the Agency’s headquarters and food processing facility and are intended to be treated as a “qualified low-income community investment” for purposes of generating New Market Tax Credits under Section 45D of the Internal Revenue Code of 1986, as amended. The notes payable have an interest rate of .99% and will mature on November 30, 2054. Interest only payments are due quarterly until February 28, 2022, after that date, quarterly payments of interest and principal are due until the maturity date. The loans are collateralized by all property of MOWCA and guaranteed by the Agency. The loans contain certain financial and non-financial covenants.

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

MOWCA is not permitted to prepay any portion of the loans until the seventh anniversary of the loan. Within 90 days after the seventh anniversary of the note receivable (Note 4), JPMorgan can exercise its put option to sell its interest in the Chase NMTC Fund to the Agency for \$1,000. If JPMorgan does not exercise the put option, the Agency can exercise its call option within 90 days after the put option period ends to purchase the interest in the Chase NMTC Fund at fair market value. After exercising its option to purchase the interest in the Chase NMTC Fund, the Agency may cancel the New Market Tax Credit notes payable.

The notes payable, net of unamortized loan costs at September 30, 2021 are as follows:

Original amount of loan	\$15,680,000
Unamortized debt issuance costs	<u>(557,824)</u>
	<u><u>\$15,122,176</u></u>

The Agency reported amortization of loan costs of \$17,468 for the year ended September 30, 2021. The amortization expense is included in interest expense in the accompanying consolidated statement of functional expenses.

Maturities of the notes payable-new market tax credit are as follows for the years ending September 30:

2022	\$ 204,867
2023	412,787
2024	416,891
2025	421,036
2026	425,223
Thereafter	<u>13,799,196</u>
	<u><u>\$15,680,000</u></u>

7. Paycheck Protection Program Loan

In April 2020, the Organization received loan proceeds in the amount of \$608,800 from a financial institution under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan requires monthly payments of principal and interest at 1.00% starting in November 2020 and is due in April 2022. The PPP loan includes a feature that allows for forgiveness of the loan if the funds are used for eligible purposes, including payroll and benefits, and if the Organization maintains its payroll levels. On April 9, 2021, the Organization received notification that the PPP loan was forgiven in full by the Small Business Administration. Accordingly, this amount is reported as forgiveness of PPP loan in the other income section in the accompanying consolidated statement of activities.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of September 30, 2021:

Agency:	
Program service expenses	\$ 339,921
Future operating needs	133,860
Endowment:	
Pet program	1,170,946
Unappropriated endowment earnings	27,747
Subject to restriction in perpetuity	1,712,480
MOWCA:	
Program expenses	<u>184,108</u>
	<u>\$ 3,569,062</u>

9. Endowment

The Organization's endowment funds include both donor-restricted endowment funds and funds without donor restrictions that have been designated by the board of directors to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Texas and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, the Organization classifies the original value of gifts donated to the permanent endowment as net assets with donor restrictions. The earnings from the original gift are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Additionally, amounts considered donor-restricted include \$1,170,946 for the pet care program. Distributions from this contribution are made in accordance with the Organization's spending policy.

Return Objectives and Risk Parameters

The Organization 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 with donor restrictions. Under this policy, 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.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investment 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.

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

The following table represents the composition of the Organization's endowment net assets by type of fund at September 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 1,165,800	\$ -	\$ 1,165,800
Donor-restricted endowment funds:			
Donor-restricted gift amounts required to be maintained in perpetuity	-	1,712,480	1,712,480
Accumulated investment gains	-	27,747	27,747
Donor-restricted term endowment	-	1,170,946	1,170,946
Total endowment funds	<u>\$ 1,165,800</u>	<u>\$ 2,911,173</u>	<u>\$ 4,076,973</u>

The following table represents the changes in the Organization's endowment funds during the year ended September 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, October 1, 2020	\$ 787,747	\$ 2,521,542	\$ 3,309,289
Investment return, net	154,792	520,468	675,260
Contributions	234,345	-	234,345
Appropriation of endowment assets for expenditure	<u>(11,084)</u>	<u>(130,837)</u>	<u>(141,921)</u>
Endowment net assets, September 30, 2021	<u>\$ 1,165,800</u>	<u>\$ 2,911,173</u>	<u>\$ 4,076,973</u>

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

10. Liquidity and Availability of Resources

The following reflects the Organization’s financial assets available to meet cash needs for general expenditures within one year of the consolidated statement of financial position date:

Cash and cash equivalents	\$ 2,045,353
Certificate of deposit	118,024
Accounts receivable	1,639,586
Pledges receivable	182,770
Investments	<u>4,039,685</u>
Total financial assets	8,025,418
Less amounts not available for general expenditures within one year:	
Certificate of deposit	118,024
Future expendable donor-restricted term endowment, net of estimated appropriation of \$65,000	1,105,946
Donor restricted endowment to be retained in perpetuity	1,712,480
Board designated endowment, net of estimated appropriation of \$154,000	<u>1,011,800</u>
Financial assets not available for general expenditures	<u>3,948,250</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,077,168</u></u>

The Organization receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization maintains cash, cash equivalents and a certificate of deposit in financial institutions that are available for this use. The Organization manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions and grants to cover programs that are being conducted. The Organization strives to have a liquidity policy to maintain current financial assets less current liabilities of 90 days operating expenses. To achieve these targets, the Organization forecasts its future cash flows and monitors its reserves and liquidity on a monthly basis.

Meals on Wheels, Inc. of Tarrant County and Affiliates

Notes to Consolidated Financial Statements

11. Rental Revenue

The Organization leases a portion of its land and a building to a third-party tenant under an operating lease agreement expiring in July 2022. Future minimum lease revenues required under this lease agreement for the year ending September 30, 2022 total \$74,500.

Rental revenue for the year ended September 30, 2021 totaled \$89,400.

12. Uncertainty

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the consolidated financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

13. 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 SEP-IRA 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 Sections 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 for the year ended September 30, 2021, were approximately \$166,000.

14. Subsequent Events

The Organization evaluated subsequent events through the date the consolidated financial statements were available to be issued and concluded that no additional disclosures are required.

Meals on Wheels, Inc. of Tarrant County
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2021

Federal or State Grantor/Pass-through Grantor/Cluster or Program Title	Assistance Listing Number	Contract Number	Total Expenditures
Federal:			
U.S. Department of Health and Human Services:			
Aging Cluster			
Texas Health and Human Services Commission/Area Agency on Aging of Tarrant County			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	0148-04C	\$ 747,080
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	0148-04C	<u>3,969,549</u>
Total Aging Cluster			4,716,629
Texas Health and Human Services Commission			
Social Services Block Grant			
CCAD-Title XX Home Delivered Meals	93.667	00174600	344,465
CCAD-Title XIX Home Delivered Meals	93.667	-	126,728
CCAD-Title XIX Home Delivered Meals	93.667	-	<u>17,491</u>
Total ALN 93.667			488,684
Texas Health and Human Services Commission/Area Agency on Aging of Tarrant County			
Opioid STR	93.788	-	47,685
UNT Health Science Center/Area Agency on Aging of Tarrant County			
PPHF Geriatric Education Centers (WE HAIL/Home Meds)	93.969	-	<u>15,250</u>
Total U.S. Department of Health and Human Services			5,268,248
U.S. Department of Housing and Urban Development:			
CDBG - Entitlement Grants - Cluster			
City of Arlington			
Community Development Block Grant	14.218	153217	21,007
Community Development Block Grant	14.218	130595	30,002
COVID-19 Community Development Block Grant	14.218	349218	65,374
COVID-19 Community Development Block Grant	14.218	193711	33,240
Community Development Block Grant	14.218	325156	7,182
City of Fort Worth			
Community Development Block Grant	14.218	54930	71,812
COVID-19 Community Development Block Grant	14.218	54271	<u>204,989</u>
Total CDBG - Entitlement Grants - Cluster			433,606
U.S. Department of Treasury:			
Tarrant County			
COVID-19 Coronavirus Relief Fund	21.019	134126	<u>630,658</u>
Total Expenditures of Federal Awards			<u>6,332,512</u>
State:			
Texas Veteran's Commission:			
Fund for Veterans Assistance - Meals	n/a	GT-FVA20-002	217,940
Fund for Veterans Assistance - Meals	n/a	GT-FVA20-040	83,935
Fund for Veterans Assistance - Home Modifications	n/a	GT-HTX21-006	<u>5,041</u>
Total Texas Veteran's Commission			306,916
Texas Department of Agriculture:			
Texans Feeding Texans	n/a	HDM-20-5168	281,086
Texans Feeding Texans	n/a	HDM-21-6185	<u>598,106</u>
Total Texas Department of Agriculture			<u>879,192</u>
Total Expenditures of State Awards			<u>1,186,108</u>
Total Expenditures of Federal and State Awards			<u>\$ 7,518,620</u>

See notes to schedule of expenditures of federal and state awards.

Meals on Wheels, Inc. of Tarrant County
Notes to Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

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, 2021. 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 the State of Texas *Uniform Grant Management Standards* (UGMS). Because the Schedule presents only a selected portion of the operations of Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

2. Summary of Significant Accounting Policies

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 the UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Agency has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Subrecipients

Of the federal and state expenditures presented in the Schedule, the Agency provided no federal or state awards to subrecipients.

4. Non-cash Assistance

The Agency did not receive any non-cash assistance from federal or state agencies for the year ended September 30, 2021.

Report of Independent Auditors 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*

Board of Directors
Meals on Wheels, Inc. of Tarrant County

Report on Compliance for Each Major Federal and State Program

We have audited Meals on Wheels, Inc. of Tarrant County's (Agency) (a nonprofit organization) compliance with the types of compliance requirements described in OMB Compliance Supplement and the State of Texas Uniform Grant Management Standards (UGMS) that could have a direct and material effect on each of the Agency's major federal and state programs for the year ended September 30, 2021. The Agency'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' 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 U.S. generally accepted auditing standards; 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 of Federal Awards (Uniform Guidance) and the State of Texas UGMS. Those standards, the Uniform Guidance and the State of Texas 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 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.



A Limited Liability Partnership

Arlington, Texas
January 19, 2022

Report of Independent Auditors on Compliance for Each Major Federal and State Program and on Internal Control over Compliance in Accordance with the Uniform Guidance and State of Texas *Uniform Grant Management Standards*

Board of Directors
Meals on Wheels, Inc. of Tarrant County

Report on Compliance for Each Major Federal and State Program

We have audited Meals on Wheels, Inc. of Tarrant County's (Agency) (a nonprofit organization) compliance with the types of compliance requirements described in *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the Agency's major federal and state programs for the year ended September 30, 2021. The Agency'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' 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 U.S. generally accepted auditing standards; 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 of Federal Awards* (Uniform Guidance) and the State of Texas UGMS. Those standards, the Uniform Guidance and the State of Texas 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 its major federal and state programs for the year ended September 30, 2021.

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 the State of Texas 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Organization 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 Agency's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the State of Texas UGMS. Accordingly, this report is not suitable for any other purpose.

Sutton Grost Carey

A Limited Liability Partnership

Arlington, Texas
January 19, 2022

**Meals on Wheels, Inc. of Tarrant County
Schedule of Findings and Questioned Cost
Year Ended September 30, 2021**

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	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 the Uniform Guidance or UGMS?	No

Identification of Major Federal and State Programs:

Federal:

The Aging Cluster ALN 93.044/93.045
Coronavirus Relief Fund ALN 21.019

State:

Texas Veterans Commission: Fund for Veteran’s Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Meals on Wheels, Inc. of Tarrant County
Schedule of Findings and Questioned Cost
Year Ended September 30, 2021

Section III – Federal and State Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None