

MEALS ON WHEELS MONTGOMERY COUNTY

FINANCIAL STATEMENTS

September 30, 2022 and 2021

MEALS ON WHEELS MONTGOMERY COUNTY

FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Meals on Wheels Montgomery County
Conroe, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meals on Wheels Montgomery County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Meals on Wheels Montgomery County as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels Montgomery County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Meals on Wheels Montgomery County for the year ended September 30, 2021, were audited by other auditors, who expressed an unmodified opinion on those statements on December 28, 2021.

Responsibilities of Management for the Financial Statements

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

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels Montgomery County's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Meals on Wheels Montgomery County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels Montgomery County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal 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*) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, on our consideration of Meals on Wheels Montgomery 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meals on Wheels Montgomery County'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 Meals on Wheels Montgomery County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

The Woodlands, Texas
January 24, 2023

MEALS ON WHEELS MONTGOMERY COUNTY
 STATEMENTS OF FINANCIAL POSITION
 September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,233,753	\$ 2,825,327
Accounts receivable	331,002	266,689
Investments	1,283,803	-
Pledges receivable	-	27,301
Prepaid expenses	13,779	21,133
Fixed assets, net	<u>1,662,994</u>	<u>1,529,178</u>
 Total assets	 <u>\$ 4,525,331</u>	 <u>\$ 4,669,628</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 60,100	\$ 83,438
Accrued expenses	92,003	68,781
Deferred revenue	<u>219,298</u>	<u>147,094</u>
Total liabilities	371,401	299,313
Net assets		
Without donor restrictions	2,987,080	3,139,089
With donor restrictions	<u>1,166,850</u>	<u>1,231,226</u>
Total net assets	<u>4,153,930</u>	<u>4,370,315</u>
 Total liabilities and net assets	 <u>\$ 4,525,331</u>	 <u>\$ 4,669,628</u>

See accompanying notes to financial statements.

MEALS ON WHEELS MONTGOMERY COUNTY
STATEMENT OF ACTIVITIES
Year ended September 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Business enterprise	\$ 8,433	\$ -	\$ 8,433
Contributions	636,095	-	636,095
Financial assistance	2,638,230	-	2,638,230
In-kind donations	60,415	-	60,415
Interest and dividends	39,811	-	39,811
Participant contributions	10,828	-	10,828
Special events	338,616	-	338,616
Other	10,341	-	10,341
Net assets released from restrictions	<u>64,376</u>	<u>(64,376)</u>	<u>-</u>
Total support and revenue	3,807,145	(64,376)	3,742,769
Expenses			
Program services	2,865,865	-	2,865,865
Supporting services			
General and administrative	275,894	-	275,894
Fundraising	<u>594,179</u>	<u>-</u>	<u>594,179</u>
Total expenses	<u>3,735,938</u>	<u>-</u>	<u>3,735,938</u>
Increase (decrease) in net assets	71,207	(64,376)	6,831
Realized and unrealized loss on investments, net	<u>(223,216)</u>	<u>-</u>	<u>(223,216)</u>
Changes in net assets	(152,009)	(64,376)	(216,385)
Net assets, beginning of year	<u>3,139,089</u>	<u>1,231,226</u>	<u>4,370,315</u>
Net assets, end of year	<u>\$ 2,987,080</u>	<u>\$ 1,166,850</u>	<u>\$ 4,153,930</u>

See accompanying notes to financial statements.

MEALS ON WHEELS MONTGOMERY COUNTY
STATEMENT OF ACTIVITIES
Year ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Business enterprise	\$ 6,189	\$ -	\$ 6,189
Contributions	433,397	-	433,397
Financial assistance	3,865,256	-	3,865,256
In-kind donations	240,326	-	240,326
Participant contributions	7,121	-	7,121
Special events	299,309	-	299,309
Other	606	-	606
Net assets released from restrictions	<u>76,352</u>	<u>(76,352)</u>	<u>-</u>
Total support and revenue	4,928,556	(76,352)	4,852,204
 Expenses			
Program services	2,350,825	-	2,350,825
Supporting services			
General and administrative	276,389	-	276,389
Fundraising	<u>581,009</u>	<u>-</u>	<u>581,009</u>
Total expenses	<u>3,208,223</u>	<u>-</u>	<u>3,208,223</u>
 Changes in net assets	1,720,333	(76,352)	1,643,981
 Net assets, beginning of year	<u>1,418,756</u>	<u>1,307,578</u>	<u>2,726,334</u>
 Net assets, end of year	<u>\$ 3,139,089</u>	<u>\$ 1,231,226</u>	<u>\$ 4,370,315</u>

See accompanying notes to financial statements.

MEALS ON WHEELS MONTGOMERY COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2022

	Program Services			Total Program Services	Supporting Services		Total Expenses
	Congregate Meals	Delivered Meals	Transportation		General and Administrative	Fundraising	
Salaries, taxes, and benefits	\$ 142,934	\$ 798,627	\$ 393,356	\$ 1,334,917	\$ 210,878	\$ 254,212	\$ 1,800,007
Activities supplies	-	3,692	-	3,692	160	608	4,460
Auto	163	31,638	96,029	127,830	-	905	128,735
Bank charges/penalties	-	-	-	-	5,601	4,734	10,335
Contract and professional	5,184	23,789	251,376	280,349	19,693	33,392	333,434
Depreciation	16,458	45,987	41,018	103,463	4,695	6,273	114,431
Food	94,249	373,848	6	468,103	3	-	468,106
Human resources	6,425	34,418	16,106	56,949	7,895	9,902	74,746
In-kind expenses	13,599	14,708	11,160	39,467	-	20,948	60,415
Insurance	3,785	33,589	61,827	99,201	4,626	5,887	109,714
Office supplies	11,939	103,504	2,156	117,599	3,215	3,325	124,139
Printing	1,387	3,375	2,827	7,589	1,565	7,740	16,894
Promotions	779	2,767	3,228	6,774	1,075	8,667	16,516
Repairs and maintenance	2,726	29,909	103,047	135,682	3,370	2,493	141,545
Special events	-	-	-	-	-	194,251	194,251
Telephone	2,186	5,519	6,557	14,262	1,805	6,967	23,034
Training and conferences	1,070	3,134	1,104	5,308	1,641	4,160	11,109
Utilities	3,299	15,980	8,145	27,424	4,055	5,254	36,733
Workers' compensation	2,714	13,706	6,345	22,765	3,304	4,181	30,250
Other	910	4,772	8,809	14,491	2,313	20,280	37,084
Totals	\$ 309,807	\$ 1,542,962	\$ 1,013,096	\$ 2,865,865	\$ 275,894	\$ 594,179	\$ 3,735,938

See accompanying notes to financial statements.

MEALS ON WHEELS MONTGOMERY COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2021

	Program Services				Supporting Services		Total Expenses
	Congregate	Delivered	Transportation	Total Program	General and	Fundraising	
	Meals	Meals		Services	Administrative		
Salaries, taxes, and benefits	\$ 136,353	\$ 567,187	\$ 276,157	\$ 979,697	\$ 173,462	\$ 284,539	\$ 1,437,698
Activities supplies	-	2,262	-	2,262	-	-	2,262
Auto	56	15,453	47,066	62,575	35	593	63,203
Bank charges/penalties	-	-	-	-	15	4,641	4,656
Contract and professional	12,162	51,017	157,397	220,576	44,901	29,814	295,291
Depreciation	14,789	39,977	50,815	105,581	4,501	6,144	116,226
Food	104,696	249,993	-	354,689	-	1,199	355,888
Human resources	5,362	23,929	11,681	40,972	8,046	12,332	61,350
In-kind expenses	16,175	49,888	21,360	87,423	13,040	139,863	240,326
Insurance	2,703	40,292	128,329	171,324	3,785	6,360	181,469
Office supplies	9,093	89,466	2,674	101,233	2,034	5,199	108,466
Printing	1,228	3,356	3,339	7,923	1,524	8,224	17,671
Promotions	865	4,827	1,826	7,518	1,490	6,260	15,268
Repairs and maintenance	3,505	25,543	122,498	151,546	11,210	4,232	166,988
Special events	-	-	-	-	-	55,444	55,444
Telephone	2,012	5,161	6,179	13,352	1,975	5,589	20,916
Training and conferences	138	981	690	1,809	799	766	3,374
Utilities	2,538	10,715	5,358	18,611	3,670	5,922	28,203
Workers' compensation	1,658	7,033	3,497	12,188	2,396	3,888	18,472
Other	1,318	7,203	3,025	11,546	3,506	-	15,052
Totals	\$ 314,651	\$ 1,194,283	\$ 841,891	\$ 2,350,825	\$ 276,389	\$ 581,009	\$ 3,208,223

See accompanying notes to financial statements.

MEALS ON WHEELS MONTGOMERY COUNTY
 STATEMENTS OF CASH FLOWS
 Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (216,385)	\$ 1,643,981
Adjustment to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized loss on investments	216,202	-
Depreciation	114,431	116,226
Changes in operating assets and liabilities:		
Accounts receivable	(64,313)	(28,802)
Pledges receivable	27,301	25,300
Prepaid expenses	7,354	(14,507)
Accounts payable	(23,338)	3,956
Accrued expenses	23,222	(946)
Deferred revenue	72,204	(29,592)
Net cash from operating activities	<u>156,678</u>	<u>1,715,616</u>
 Cash flows from investing activities		
Purchases of fixed assets	(248,247)	(77,563)
Purchases of investments	(2,563,670)	-
Proceeds from sale of investments	1,063,665	-
Net cash from investing activities	<u>(1,748,252)</u>	<u>(77,563)</u>
 Net change in cash and cash equivalents	(1,591,574)	1,638,053
 Cash and cash equivalents, beginning of year	<u>2,825,327</u>	<u>1,187,274</u>
 Cash and cash equivalents, end of year	<u>\$ 1,233,753</u>	<u>\$ 2,825,327</u>

See accompanying notes to financial statements.

MEALS ON WHEELS MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Meals on Wheels Montgomery County (MOW), formerly known as Montgomery County Committee on Aging, Inc., was incorporated in Texas as a nonprofit organization on March 1, 1973. Its purpose is to enhance the lives of senior adults and disabled citizens by enabling individuals to continue being an integral part of their community while keeping their independence, dignity, and sense of well-being. MOW's office is located at Conroe, Texas.

Services provided by MOW include, but are not limited to, the following:

- *Congregate Meals* – MOW cooks and serves meals for the elderly at senior centers located in The Woodlands, Magnolia, and New Caney, Texas.
- *Delivered Meals* – MOW provides home-delivered meals to homebound seniors throughout Montgomery County who cannot attend the congregated meals.
- *Transportation* – MOW provides transportation services for elderly or disabled residents to various locations throughout Montgomery County. This service is provided via MOW's buses or through a taxi service partnership with Harris County RIDES, a fare-card program providing nonemergency cab services to qualifying individuals.

MOW receives a majority of its funding through grants obtained from various federal, state, and local government entities, foundations, and other nonprofit organizations, as well as contributions from corporations and individuals.

Basis of Accounting: In accordance with accounting principles generally accepted in the United States of America (GAAP), the financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation: MOW is required to report information regarding its financial position and activities according to classifications based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions: Net assets subject to donor-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. 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.

Revenue is reported as an increase in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Contributions with donor restrictions are classified as without donor restrictions if the restrictions are satisfied in the same period in which the contributions are received.

Use of Estimates: The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents: For the purposes of the statements of cash flows, MOW considers highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Accounts Receivable: Accounts receivable is comprised of grants and other receivables. No allowance for bad debts is recorded, as revenue received is from third-party reimbursements with state and local government agencies.

Pledges Receivable: Pledges receivable represent amounts receivable from individual donors for MOW's capital campaign, which began in 2020. At September 30, 2022 and 2021, MOW had pledges receivable for the capital campaign of \$-0- and \$27,301 respectively. Pledges receivable are stated at the amount management expects to collect. An allowance for uncollectible pledges is recorded when the pledge is deemed uncollectible as a result of management's periodic review. Management has not provided an allowance for uncollectible amounts at September 30, 2022 and 2021 as management believes at this time that all pledges are collectible.

Investments: Investments are reported at their fair values in the statement of financial position. Changes in fair value are reported in the statements of activities as an increase or decrease in net assets without donor restrictions.

Fixed Assets: MOW defines fixed assets as assets with an original cost of \$1,500 or more with an estimated useful life of more than one year. They are recognized at fair market value at the date of donation, or if purchased, at their cost. Maintenance and repairs are charged to expense and major improvements are capitalized.

Depreciation is determined using the straight-line method at rates expected to amortize the cost or value of the depreciable assets over their estimated useful lives as follows:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Equipment	5 - 10 years
Furniture, office equipment, and software	2 - 5 years
Vehicles and equipment	4 - 7 years
Building and improvements	39 years

Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as support with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, MOW reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. MOW reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2022 and 2021

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (Continued)

Revenue Recognition:

Contributions from Grants and Contracts: Conditional contracts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

Financial Assistance includes grants and contracts from government agencies which are generally subject to restrictions and conditions that must be met before MOW is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. MOW recognizes contribution revenue on government grants as the awards for such programs are expended, since expenditure in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor.

Private contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any conditions or donor restrictions. Donor restricted contributions whose restrictions are primarily met in the same reporting period are reported as support without donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Services and Materials: Donations of equipment and supplies are recorded as contributions at their estimated fair value at the date of donation.

Deferred Revenue: Revenue from certain financial assistance is deferred and recognized as barriers to recognition are met, primarily by incurring eligible expenditures. Deferred revenue also includes amounts collected in advance of special events to be held subsequent to year-end. Such revenue will be recognized when the event is held. Deferred revenue has been recorded for unearned receipts in the amount of \$219,298 and \$147,094 at September 30, 2022 and 2021, respectively.

Revenue Net of Direct Costs: As part of its fundraising efforts, MOW holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events presented gross, and the net impact against such revenue as follows:

	<u>2022</u>	<u>2021</u>
Special event revenue	\$ 338,616	\$ 299,309
Special event direct expenses	<u>(194,251)</u>	<u>(55,444)</u>
Special event revenue, net	<u>\$ 144,365</u>	<u>\$ 243,865</u>

Income Taxes: MOW is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

Uncertain tax positions are recognized in the financial statements only if that position is more-likely-than-not of being sustained upon examination by taxing authorities, based on the technical merits of the position. MOW has concluded that there are not uncertain tax positions or any interest and penalties related to uncertain tax position requiring recognition in the financial statements.

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2022 and 2021

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (Continued)

Concentration of Credit Risk: MOW maintains cash in deposit accounts with several federally insured banks. The cash balances at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 of the balance. Financial instruments that potentially subject MOW to a significant concentration of credit risk consist primarily of cash and cash equivalents. At times, MOW maintains deposits in federally insured financial institutions in excess of federally insured limits.

Management monitors the credit ratings and concentration of risk with these financial institutions on a continuing basis to safeguard cash deposits.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Salaries, taxes, and benefits are allocated indirectly based on management's estimates of time and effort expended toward each functional category. All other expenses are directly allocated to program or supporting services benefited.

Recently Implemented Accounting Pronouncements: In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statements of activities disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. MOW adopted the new guidance effective October 1, 2021. There was no significant impact as a result of the implementation.

Reclassification: Certain amounts in the prior year financial statements have been reclassified, with no effect on net assets or change in net assets, to conform to the current year presentation.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position dates, comprise the following at September 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,233,753	\$ 2,825,327
Accounts receivable	331,002	266,689
Pledges receivable	-	27,301
Investments, net	<u>1,283,803</u>	<u>-</u>
Total financial assets at year-end	2,848,558	3,119,317
Less: amount not available for general expenditures within one year:		
Restricted net assets	<u>(32,772)</u>	<u>(32,772)</u>
Total financial assets at year-end available for general expenditures over the next 12 months	<u>\$ 2,815,786</u>	<u>\$ 3,086,545</u>

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2022 and 2021

NOTE 2 – LIQUIDITY AND AVAILABILITY (Continued)

MOW manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. In order to determine these reserves, the Board analyzes the current year budget to actual amounts and the approved forecast for the upcoming year. MOW also had a \$100,000 available line of credit with a financial institution collateralized by MOW’s assets with a 5% interest rate and an expiration date of September 30, 2021. The balance on this line of credit was \$-0- at September 30, 2021. MOW did not renew the line of credit during 2022. Included in amount not available for general expenditure within one year are certain pledges that MOW does not expect to receive within one year of the statement of financial position dates.

NOTE 3 – FAIR VALUE MEASUREMENTS

GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. 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.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- *Level 1* – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities MOW has the ability to access.
- *Level 2* – Inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- *Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instruments. The fair value of Level 3 financial instruments is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following sets forth by level, within the fair value hierarchy, MOW’s assets at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2022				
Equities	\$ 349,600	\$ -	\$ -	\$ 349,600
Fixed Income	<u>934,203</u>	<u>-</u>	<u>-</u>	<u>934,203</u>
Total investments	<u>\$ 1,283,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,283,803</u>

MOW did not hold any investments at September 31, 2021.

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the fiscal years ended September 30:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 39,811	\$ 605
Realized and unrealized loss on investment	(216,202)	-
Investment fees	<u>(7,014)</u>	<u>-</u>
 Total interest and investment gain, net	 <u>\$ (183,405)</u>	 <u>\$ 605</u>

Equity securities and fixed income mutual funds are measured at the closing price reported on the active market on which the individual securities are traded (Level 1). The valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MOW believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date. There have been no changes in methodologies used at September 30, 2022 and 2021.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
City of Conroe	\$ 21,923	\$ 23,323
Community Development Block Grant	11,450	14,834
Houston-Galveston Area Council	159,937	104,463
Texas Department of Transportation	58,358	55,417
Texas Veterans Commission	27,080	61,345
Tomball Regional Health Foundation	42,114	6,972
Other receivables	<u>10,140</u>	<u>335</u>
 Total accounts receivable	 <u>\$ 331,002</u>	 <u>\$ 266,689</u>

At September 30, 2022 and 2021, all receivables are expected to be received within 12 months.

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2022 and 2021

NOTE 5 – FIXED ASSETS

Fixed assets consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 501,197	\$ 367,622
Furniture, office equipment, and software	104,060	104,060
Vehicles and equipment	813,539	705,317
Building and improvements	1,264,302	1,257,852
Land	<u>32,972</u>	<u>32,972</u>
	2,716,070	2,467,823
Less: accumulated depreciation	<u>(1,053,076)</u>	<u>(938,645)</u>
 Total fixed assets, net	 <u>\$ 1,662,994</u>	 <u>\$ 1,529,178</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was \$114,431 and \$116,226, respectively.

MOW has a Land Use Restriction Agreement for its Conroe facility. MOW must utilize the facility to provide certain services until May 8, 2038. Release of restrictions related to these rights were \$64,376, and \$68,030 during the years ended September 30, 2022 and 2021.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
In-kind donation of facilities	\$ 1,134,078	\$ 1,198,454
Capital campaign	<u>32,772</u>	<u>32,772</u>
 Total net assets with donor restrictions	 <u>\$ 1,166,850</u>	 <u>\$ 1,231,226</u>

In-kind donations relate to restricted use of facilities over a period of approximately 19 years, ending in May 2038. MOW must use the property in line with donor restrictions, and, as such, is releasing amounts from donor restriction over this time period as corresponding depreciation expense is recorded.

NOTE 7 – OPERATING LEASES

In July 2002, MOW entered into a 30-year lease agreement with the City of Conroe (the "City") for the Conroe building, located at 1202 Callahan, Conroe, Texas. The City has authorized a credit against the rent of this building in return for services that MOW provides to City residents in the form of meals and rides provided to the elderly and disabled. This credit was used to reduce the agreed-upon monthly rent of \$2,126. This lease was terminated effective September 30, 2019, but MOW continues to use the available land space in the City's premises to park their transportation vehicles. MOW provides meals to both the New Caney and Magnolia senior centers, but no office space is kept at those locations.

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 7 – OPERATING LEASES (Continued)

Lease expenses and related donated rent totaled \$9,783 for the years ended September 30, 2022 and 2021.

Additionally, MOW has cancelable operating leases for equipment with various expiration dates. In the normal course of business, the operating leases are generally renewed or replaced with other leases.

NOTE 8 – CONTRIBUTED NONFINANCIAL ASSETS

MOW received the following contributions of nonfinancial assets for the year ending September 30:

	<u>2022</u>	<u>2021</u>
Equipment and supplies	\$ 39,472	\$ 209,183
Volunteer and advisory services	11,160	21,360
Donated rent	<u>9,783</u>	<u>9,783</u>
 Total contributed nonfinancial assets	 <u>\$ 60,415</u>	 <u>\$ 240,326</u>

Contributed equipment and supplies received by MOW are recorded as in-kind contribution revenue. These items include food which is valued based on receipts from the donating businesses which correspond with current prices listed on their publicly available websites and vehicles which are valued based on their current fair market value. The contributed equipment and supplies are utilized to carry out and stock MOW's program and supporting services.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that need to be purchased if they were not donated. During the year ended September 30, 2022, the amount was equivalent 372 hours at \$30.00 per hour, totaling \$11,160. For the year ended September 30, 2021, the amount was equivalent to 712 hours at \$30 per hour, totaling \$21,360. The value of the donated volunteer hours is included in in-kind donations in the statements of activities.

The City has donated rent for MOW. The value of the donated rent is \$9,783 for the years ended September 30, 2022 and 2021, and is included in in-kind donations in the statements of activities.

NOTE 9 – CONCENTRATION OF SUPPORT

For the years ended September 30, 2022 and 2021, MOW received 55% and 41%, respectively, of its support from Houston-Galveston Area Council, Community Development Block Grant, Montgomery County, Texas Department of Transportation, Texas Department of Agriculture, Texas Veteran Commission, and Tomball Regional Health Foundation.

On December 15, 2020, MOW received a one-time grant of \$1,500,000. The grant may only be used for MOW's tax-exempt purposes; there are no other restrictions on the amount given. Over the next three years the grantor must be advised of progress on MOW's key initiatives and provide selected financial information.

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 10 – EMPLOYEE BENEFIT PLAN

MOW sponsors a 401(k) plan (the “Plan”) that is offered to all full-time employees after 60 days of employment. MOW offers an employer matching contribution up to 4% of employee’s eligible compensation. MOW matching contributions to the Plan totaled approximately \$11,282 and \$318 for the years ended September 30, 2022 and 2021, respectively.

NOTE 11 – CONTINGENCIES

Litigation: MOW may be subject to certain claims that arise in the ordinary course of business. Management is of the opinion that, after application of available insurance coverage, the effect of the outcomes of any such claims on MOW’s financial position would not be material.

Employee Retention Credit: As a result of the economic impact of the COVID-19 pandemic, MOW determined that it was eligible to apply for the Employee Retention Credit (ERC) from the Coronavirus Aid, Relief and Economic Stability (CARES) Act. The ERC is a fully refundable tax credit equal to a portion of qualified wages for employers whose business has been financially impacted by COVID-19. Under the conditions of the ERC, qualified entities must have either incurred a significant decline in gross receipts when compared to operations prior to the pandemic, or have operations that were fully or partially suspended due to orders from an appropriate governmental authority limiting commerce, travel or group meetings due to COVID-19 in a manner that affects the employer’s trade or business. MOW concluded that it has met the applicable conditions due to suspension of operations, and on September 27, 2022, applied for an ERC of approximately \$194,000 related to suspension of operations. As of the date the financial statements were available to be issued, MOW has not yet received payment.

The IRS may choose to audit MOW’s ERC claim in a future period of 3-5 years (depending on the specific calendar quarter claimed). If MOW is deemed ineligible to receive some or all of the ERC, re-payment may be requested at that time. Due to the contingencies associated with the claim, MOW has not recognized a receivable as of September 30, 2022.

NOTE 12 – SUBSEQUENT EVENTS

MOW has evaluated subsequent events through January 24, 2023, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MEALS ON WHEELS MONTGOMERY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2022

Federal Grantor/Pass Thru Grantor/ Program or Cluster Title	Federal AL #	Pass-Through Entity Identifying Number	<u>Expenditures</u>
Aging Cluster			
U.S. Department of Health and Human Services			
Passed Through Houston-Galveston Area Council:			
Special Programs for the Aging - Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	AAA13-000517	\$ 169,079
Special Programs for the Aging - Title III, Part C			
Nutrition Services	93.045	AAA13-000517	268,573
COVID-19 Special Programs for the Aging - Title III,			
Part C, Nutrition Services	93.045	AAA13-000517	<u>226,535</u>
Total U.S. Department of Health and Human Services			<u>664,187</u>
Total Aging Cluster			664,187
Other Programs			
U.S. Department of Housing and Urban Development			
Passed Through Montgomery County Community			
Development:			
Community Development Block Grant			
Meals for Seniors	14.218	B-19-UC-48-0006	80,000
COVID-19 Community Development Block Grant			
Home Delivered Meals	14.218	B-20-UW-48-0006	<u>75,749</u>
Total U.S. Department of Housing and Urban			
Development			155,749
Emergency Food and Shelter Program			
Home Delivered Meals			
Phase 37 & 38	97.024	N/A	<u>75,000</u>
Total Emergency Food and Shelter Program			75,000
U.S. Department of Transportation			
Passed Through the Texas Department of Transportation:			
Enhanced Mobility of Seniors and Individuals with			
Disabilities	20.513	51512F7098	<u>383,430</u>
Total U.S. Department of Transportation			<u>383,430</u>
Total Other Programs			<u>614,179</u>
Total Expenditures of Federal Awards			<u>\$ 1,278,366</u>

See accompanying notes to schedule of expenditures of federal awards.

MEALS ON WHEELS MONTGOMERY COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2022

NOTE 1 – THE ORGANIZATION

Meals on Wheels Montgomery County (MOW), receives federal grants to carry out its programs and services for low-income senior adults and individuals with disabilities living in Montgomery County, Texas.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (Schedule) includes the activity of MOW and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the OMB Compliance Supplement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 – NONCASH AND LOANS

There were no federal awards expended in the form of noncash assistance or insurance and there were no federal program loans or loan guarantees outstanding at year-end.

NOTE 4 – INDIRECT COST

Expenditures included in the Schedule represent both direct and indirect costs. Instead of using the 10% de minimus indirect cost rate allowed under the Uniform Guidance, MOW's indirect costs are based on an indirect cost allocation plan that has been agreed upon and approved by the applicable grantor.

NOTE 5 – RELATIONSHIP OF THE SCHEDULE TO FINANCIAL REPORTS SUBMITTED TO GRANT AWARDING AGENCIES

Expenditures included in the Schedule may differ from amounts reflected in the financial reports submitted to grant awarding agencies for the following reasons:

- Expenses accrued at the end of MOW's year may not be included in the financial reports submitted to grant awarding agencies until after year-end;
- Program matching costs that are reported in the financial reports submitted to awarding agencies are not include in the amounts reported in the Schedule; and
- Differences may exist between grant periods and MOW's accounting period.

NOTE 6 – CONTINGENCIES

Grants require the fulfillment of certain conditions set forth in grant agreements and are regularly monitored and reviewed by the grantors. Failure to satisfy the requirement of contract agreements could result in disallowed costs and return of funds to grantors. Management believes that MOW is in substantial compliance with grant provisions and requirements and that disallowed costs, if any, will not be significant to affect the amounts and disclosures in the financial statements.



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

To the Board of Directors of
Meals on Wheels Montgomery County
Conroe, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meals on Wheels Montgomery County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2023.

Report on Internal Control Over Compliance

In planning and performing our audit of the financial statements, we considered Meals on Wheels Montgomery County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels Montgomery County's internal control. Accordingly, we do not express an opinion on the effectiveness of Meals on Wheels Montgomery County's internal control.

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

Our consideration of 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.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meals on Wheels Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Meals on Wheels Montgomery County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meals on Wheels Montgomery County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

The Woodlands, Texas
January 24, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Meals on Wheels Montgomery County
Conroe, Texas

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Meals on Wheels Montgomery County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Meals on Wheels Montgomery County's major federal program for the year ended September 30, 2022. Meals on Wheels Montgomery County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Meals on Wheels Montgomery County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Meals on Wheels Montgomery County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Meals on Wheels Montgomery County's compliance with the compliance requirements referred to above.

(Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Meals on Wheels Montgomery County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Meals on Wheels Montgomery County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Meals on Wheels Montgomery County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Meals on Wheels Montgomery County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Meals on Wheels Montgomery County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels Montgomery County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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.

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

The Woodlands, Texas
January 24, 2023

MEALS ON WHEELS MONTGOMERY COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended September 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?	No

Major Program:

<u>Award Type</u>	<u>Federal AL #</u>	<u>Name of Federal Grantor/Pass Thru Grant/Program or Cluster Title</u>
Federal	20.513	Enhanced Mobility of Seniors and Individuals with Disabilities

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

(Continued)

MEALS ON WHEELS MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported