

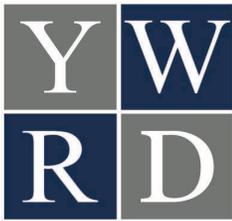
MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.

FINANCIAL STATEMENTS

Years Ended September 30, 2020 and 2019

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
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For the Fiscal Years Ended September 30, 2020 and 2019

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YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Brandon Diviney, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Meals on Wheels North Central Texas, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Meals on Wheels North Central Texas, Inc. (a nonprofit corporation), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels North Central Texas, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Other Information

Our audit was 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 additional 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.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2021, on our consideration of Meals on Wheels North Central Texas, Inc.' 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 North Central Texas, Inc.' internal control over financial reporting and compliance.

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Ennis, Texas
August 25, 2021

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash	\$ 993,866	\$ 269,579
Restricted cash	117,779	24,648
Grants and contract receivables	234,982	157,771
Unconditional promises to give	49,352	38,004
Inventory	9,983	667
Prepaid expenses	37,065	31,739
Total current assets	1,443,027	522,408
Property and Equipment:		
Land	116,300	116,300
Building	386,228	384,903
Furniture and equipment	371,352	291,679
	873,880	792,882
Less accumulated depreciation	(268,729)	(212,149)
Net property and equipment	605,151	580,733
Other Assets:		
Deposit	1,450	22,835
Total other assets	1,450	22,835
Total assets	\$ 2,049,628	\$ 1,125,976
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 56,618	\$ 57,084
Wages payable	40,993	35,029
Vacation payable	31,760	31,392
Notes payable, current portion	-	12,460
Total current liabilities	129,371	135,965
Total liabilities	129,371	135,965
Net Assets:		
With donor restrictions	125,533	31,771
Without donor restrictions	1,794,724	958,240
Total net assets	1,920,257	990,011
Total liabilities and net assets	\$ 2,049,628	\$ 1,125,976

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
STATEMENTS OF ACTIVITIES
For the Fiscal Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Contributions	\$ 1,645,229	\$ 270,412	\$ 1,915,641	\$ 851,693	\$ 30,780	\$ 882,473
Grants and contracts:						
Governmental	977,396	-	977,396	845,636	-	845,636
Other	106,000	-	106,000	92,000	-	92,000
Special events	189,801	-	189,801	227,061	-	227,061
Program	104,913	-	104,913	44,165	-	44,165
Net assets released from restrictions	176,650	(176,650)	-	5,471	(5,471)	-
Total revenues	<u>3,199,989</u>	<u>93,762</u>	<u>3,293,751</u>	<u>2,066,026</u>	<u>25,309</u>	<u>2,091,335</u>
EXPENSES AND LOSSES:						
Program services:						
Meals	1,719,341	-	1,719,341	1,387,477		1,387,477
Special services	24,401	-	24,401	33,160		33,160
Total program services	<u>1,743,742</u>	<u>-</u>	<u>1,743,742</u>	<u>1,420,637</u>	<u>-</u>	<u>1,420,637</u>
Supporting services:						
Management and general	188,456	-	188,456	220,614		220,614
Fundraising	431,307	-	431,307	416,945		416,945
Total supporting services	<u>619,763</u>	<u>-</u>	<u>619,763</u>	<u>637,559</u>	<u>-</u>	<u>637,559</u>
Total expenses	<u>2,363,505</u>	<u>-</u>	<u>2,363,505</u>	<u>2,058,196</u>	<u>-</u>	<u>2,058,196</u>
Loss on sale of assets	-	-	-	79,999	-	79,999
Total expenses and losses	<u>2,363,505</u>	<u>-</u>	<u>2,363,505</u>	<u>2,138,195</u>	<u>-</u>	<u>2,138,195</u>
Change in net assets	836,484	93,762	930,246	(72,169)	25,309	(46,860)
Net assets, beginning of year	958,240	31,771	990,011	1,030,409	6,462	1,036,871
Net assets, end of year	<u>\$ 1,794,724</u>	<u>\$ 125,533</u>	<u>\$ 1,920,257</u>	<u>\$ 958,240</u>	<u>\$ 31,771</u>	<u>\$ 990,011</u>

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended September 30, 2020

	Program Services			Supporting Services			Total Expenses
	Meals	Special Services	Total	Management and General	Fundraising	Total	
Expenses:							
Personnel	\$636,977	\$14,633	\$ 651,610	\$143,634	\$214,520	\$ 358,154	\$ 1,009,764
Professional development	-	-	-	-	4,086	4,086	4,086
Promotions and outreach	5,181	129	5,310	393	86,720	87,113	92,423
Food costs	775,231	3,795	779,026	-	65,668	65,668	844,694
Equipment leasing and maintenance	25,762	394	26,156	2,857	6,993	9,850	36,006
Vehicles and transportation	53,659	1,149	54,808	875	3,358	4,233	59,041
Contract services	31,146	696	31,842	4,284	16,170	20,454	52,296
Other	65,311	1,219	66,530	33,002	30,352	63,354	129,884
Occupancy costs	70,374	1,638	72,012	3,304	3,278	6,582	78,594
Depreciation	55,413	740	56,153	107	162	269	56,422
Interest	287	8	295	-	-	-	295
Total Expenses	\$ 1,719,341	\$ 24,401	\$ 1,743,742	\$ 188,456	\$ 431,307	\$ 619,763	\$ 2,363,505

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended September 30, 2019

	Program Services			Supporting Services			Total Expenses
	Meals	Special Services	Total	Management and General	Fundraising	Total	
Expenses:							
Personnel	\$ 562,987	\$ 16,867	\$ 579,854	\$ 159,806	\$ 202,597	\$ 362,403	\$ 942,257
Professional development	-	-	-	378	4,756	5,134	5,134
Promotions and outreach	553	12	565	42	146,109	146,151	146,716
Food costs	567,907	5,284	573,191	-	-	-	573,191
Equipment leasing and maintenance	15,890	438	16,328	3,113	5,420	8,533	24,861
Vehicles and transportation	51,039	1,631	52,670	545	5,496	6,041	58,711
Contract services	28,034	865	28,899	7,710	14,144	21,854	50,753
Other	44,714	5,505	50,219	26,126	35,417	61,543	111,762
Occupancy costs	54,858	1,479	56,337	22,366	2,177	24,543	80,880
Depreciation	57,477	1,009	58,486	528	829	1,357	59,843
Interest	4,018	70	4,088	-	-	-	4,088
Total Expenses	\$ 1,387,477	\$ 33,160	\$ 1,420,637	\$ 220,614	\$ 416,945	\$ 637,559	\$ 2,058,196

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 930,246	\$ (46,860)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	56,422	59,843
(Increase) decrease in operating assets:		
Grants and contract receivables	(77,211)	(43,117)
Unconditional promises to give	(11,348)	(5,150)
Inventory	(9,316)	(23)
Prepaid expenses	(5,326)	(10,123)
Deposit	21,385	(2,452)
Land held for sale	-	162,500
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(466)	28,955
Wages payable	5,964	4,918
Vacation payable	368	3,128
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	910,719	151,619
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of furniture and equipment	(80,841)	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(80,841)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(12,460)	(85,547)
Net proceeds from (payments on) line of credit	-	(31,000)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(12,460)	(116,547)
NET INCREASE (DECREASE) IN CASH	817,418	35,072
BEGINNING CASH AND RESTRICTED CASH	294,227	259,155
ENDING CASH AND RESTRICTED CASH	\$ 1,111,645	\$ 294,227
Cash and restricted cash consist of:		
	2020	2019
Cash	\$ 993,866	\$ 269,579
Restricted cash	117,779	24,648
	\$ 1,111,645	\$ 294,227

The accompanying notes are an integral part of these financial statements

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Meals on Wheels North Central Texas, Inc.' (the "Organization"), a Texas nonprofit corporation, provides home-delivered meals and various caregiver services to needy senior citizens and disabled persons throughout North Central Texas. Founded in 1976, the Organization also provides information and assistance support to families with elderly and disabled family members. The Organization works closely with home health agencies, local physicians and hospitals, and other community service groups to coordinate the delivery of these services to those senior citizens in need. A large portion of the Organization's revenue is derived from government grants.

Description of Programs

1. *Meals* - Provide meals to qualified senior citizens and disabled persons via home delivery.
2. *Special Services* - Provide information and assistance support to families with elderly and disabled family members.

Tax Exempt Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

Basis of Accounting

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

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are on the basis of estimates of time and effort devoted to each function.

Government Contracts and Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. The Organization submits requests for reimbursement to grantors and pass-through agencies for grant funds. The Organization recognizes revenues on grants and contracts as the awards for such programs are expended. Grants and contracts receivable represents grant funds which the Organization has earned and/or requested, but not received. Receivables are deemed by management to be fully collectible, therefore, no provision for bad debt expense or valuation allowances has been recorded. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The unconditional promises to give consist primarily of donations from United Way. At September 30, 2020 and 2019, all unconditional promises to give are expected to be collected during the next year. Management has determined that the unconditional promises to give is fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at September 30, 2020 and 2019.

Cash and Cash Equivalents

For purposes of preparing the statement of cash flows, the Organization considers short-term, highly liquid investments which are readily convertible to cash with a maturity of three months or less to be cash equivalents. Restricted cash is limited in use to payment of anameals, ensure, secondary meals and capital projects.

Inventory

Inventory consists of food or food related items and is stated at the lower of cost or market determined by the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment is valued at cost if purchased or estimated fair value if contributed at the time of receipt. The Organization follows the practice of capitalizing equipment in excess of \$1,000 with an estimated life in excess of one year. Depreciation on equipment is provided over their estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Property	5-40 years
Furniture, fixtures and equipment	3-5 years

Contributed Facilities and Services

A number of volunteers have donated significant time and effort to the home-delivered meal program. For the years ended September 30, 2020 and 2019, volunteers donated 4,269 and 12,756 hours, respectively, delivering meals. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition; however, management estimates the fair value of these services at \$78,026 and \$219,930 for the year ended September 30, 2020 and 2019, respectively.

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

Paycheck Protection Program

During the year the Organization received a forgivable loan under the Small Business Administration Paycheck Protection Program (PPP). The Organization expects to meet the PPP's eligibility criteria and conclude that the PPP loan represents, in substance, a grant that is expected to be forgiven. The Organization has elected to analogize Financial Accounting Standards Board ASC 958-605 Not-for-Profit Entities-Revenue Recognition to account for the PPP loan. The Organization recorded the cash inflow from the PPP loan as a refundable advance. Subsequent to initial recognition, the Organization reduced the liability with an offset through contributions as it recognized the costs to which the loan related. As of year end, the Organization has reduced all of the refundable advance with an offset to contributions in the amount of \$182,700.

NOTE 2 - CONCENTRATION OF REVENUE SOURCES

The Organization receives a significant portion of its revenues from funds provided through federal and state grants. The grant amounts are appropriated each year at the federal and/or state level. If significant budget cuts are made at the federal and/or state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts at several financial institutions which is subject to credit risk by the amount such balances exceed the Federal Deposit Insurance Corporation limits. At September 30, 2020 and 2019, the Organization had an uninsured cash balance at one financial institution totaling \$822,417 and \$31,683, respectively.

NOTE 4 - CONTINGENT LIABILITIES

Financial awards from federal and state governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 5 - NOTES PAYABLE

Notes payable at September 30, 2020 and 2019 consist of the following:

	2020	2019
Note payable to a bank, interest at 3%, due monthly to June 17, 2020, secured by equipment.	\$ -	\$ 6,422
Note payable to a bank, interest at 3%, due monthly to June 17, 2020, secured by equipment.	-	6,038
	-	12,460
Less current portion	-	(12,460)
	\$ -	\$ -

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	2020	2019
Animeals and ensure	\$ 25,599	\$ 11,120
Capital projects	65,341	19,828
Secondary meals	34,593	823
	\$ 125,533	\$ 31,771

NOTE 7 - RETIREMENT PLAN

The Organization has a defined contribution retirement plan under section 401(k) of the Internal Revenue Code. Under the provisions of the plan, eligible employees may defer up to 15% of their compensation. The Organization currently makes matching contributions to the plan of 100% of an employee's contributions up to a maximum of 5% of the employee's salary. The Organization's contributions to the plan were \$24,322 and \$19,150 for the years ended September 30, 2020 and 2019, respectively.

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 8 - LEASE COMMITMENTS

At September 30, 2020, the Organization was obligated under an office lease agreement for its Ellis County location, which expires March 31, 2022. The lease is classified as an operating lease. The future minimum annual lease payments under this operating lease at September 30, 2020 are as follows:

<u>Years Ending September 30</u>	<u>Annual Payment</u>
2021	\$ 18,600
2022	<u>9,300</u>
	<u>\$ 27,900</u>

Rental expenses under operating leases for the years ended September 30, 2020 and 2019 were \$18,600 and \$18,600, respectively.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 25, 2021, the date which the financial statements were issued, and noted no events that require disclosure.

SINGLE AUDIT SECTION

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. Department of Health and Human Services:			
Pass-through Area Agency on Aging of North Central Texas:			
<u>Aging Cluster:</u>			
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	NCTCOG	568,796
Nutrition Services Incentive Program	93.053	NCTCOG	<u>84,700</u>
Total Aging Cluster			<u>653,496</u>
National Family Caregiver Support, Title III, Part E	93.052	NCTCOG	73,855
Pass-through Texas Health and Human Services Commission:			
Social Services Block Grant	93.667	000155000	<u>151,893</u>
Total U.S. Department of Health and Human Services			<u>879,244</u>
U.S. Department of Homeland Security:			
Emergency Food and Shelter National Board Program	97.024		<u>18,000</u>
Total U.S. Department of Homeland Security			<u>18,000</u>
Total expenditures of federal awards			<u><u>\$ 897,244</u></u>

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Meals on Wheels North Central Texas, Inc. under programs of the federal government for the year ended September 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of Meals on Wheels North Central Texas, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Meals on Wheels North Central Texas, Inc.

NOTE 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

Meals on Wheels North Central Texas, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended September 30, 2020

There are no prior audit findings.



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 North Central Texas, Inc.

Report on the Financial Statements

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 North Central Texas, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meals on Wheels North Central Texas, Inc.' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels North Central Texas, Inc.' internal control. Accordingly, we do not express an opinion on the effectiveness of Meals on Wheels North Central Texas, Inc.' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meals on Wheels North Central Texas, Inc.' 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.

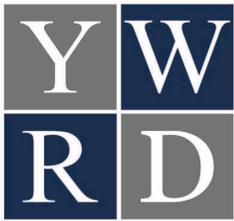
Purpose of this Report

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "YWRD, P.C." with a light blue highlight behind the text.

YWRD, P.C.
Certified Public Accountants

Ennis, Texas
August 25, 2021



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

To the Board of Directors of
Meals on Wheels North Central Texas, Inc.

Report on Compliance for Each Major Federal Program

We have audited Meals on Wheels North Central Texas, Inc'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 North Central Texas, Inc's major federal programs for the year ended September 30, 2020. Meals on Wheels North Central Texas, Inc's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Meals on Wheels North Central Texas Inc's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about Meals on Wheels North Central Texas, Inc'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 program. However, our audit does not provide a legal determination of Meals on Wheels North Central Texas, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Meals on Wheels North Central Texas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Meals on Wheels North Central Texas, Inc. 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 Meals on Wheels North Central Texas, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Meals on Wheels North Central Texas, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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.

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

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



YWRD, P.C.
Certified Public Accountant

Ennis, Texas
August 25, 2021

MEALS ON WHEELS NORTH CENTRAL TEXAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Meals on Wheels North Central Texas, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Meals on Wheels North Central Texas, Inc., which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Meals on Wheels North Central Texas, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as a major program were:

Aging Cluster:
 93.045 Special Programs for the Aging--Title III, Part C--Nutrition Services
 93.053 Nutrition Services Incentive Program
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Meals on Wheels North Central Texas, Inc. did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None