

Meals on Wheels and More, Inc. and Related Entity
Austin, Texas

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Year Ended September 30, 2009

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MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Meals on Wheels and More, Inc. and Related Entity
Austin, Texas

We have audited the accompanying combined statement of financial position of Meals on Wheels and More, Inc. and Related Entity as of September 30, 2009, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Meals on Wheels and More, Inc. and Related Entity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels and More, Inc. and Related Entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinions.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels and More, Inc. and Related Entity as of September 30, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2010 on our consideration of Meals on Wheels and More, Inc. and Related Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements of Meals on Wheels and More, Inc. and Related Entity taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. In addition, accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis. This supplemental information is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

March 22, 2010

FINANCIAL STATEMENTS

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINED STATEMENT OF FINANCIAL POSITION

September 30, 2009
(With Comparative Totals as of September 30, 2008)

	<u>Total</u> 2009	<u>Total</u> 2008
ASSETS		
Current Assets:		
Cash	\$ 1,732,587	\$ 552,553
Investments	412,386	2,099,774
Receivables:		
Grants and Contracts	444,835	423,463
Other	225	2,428
Prepaid Items	62,520	66,259
Total Current Assets	<u>2,652,553</u>	<u>3,144,477</u>
Non-Current Assets:		
Fixed Assets:		
Land and Building	4,916,751	2,343,520
Office Furniture and Equipment	689,097	489,902
Kitchen Equipment	544,259	492,399
Vehicles	474,698	449,504
Accumulated Depreciation	<u>(1,435,117)</u>	<u>(1,234,479)</u>
Total Non-Current Assets	<u>5,189,688</u>	<u>2,540,846</u>
TOTAL ASSETS	\$ <u>7,842,241</u>	\$ <u>5,685,323</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 383,022	\$ 230,082
Accrued Payroll Liabilities	36,296	29,728
Liability for Compensated Absences	30,000	30,000
Deferred Revenue	356,996	662,433
Long-Term Debt - Current Portion	0	0
Total Current Liabilities	<u>806,314</u>	<u>952,243</u>
Non-Current Liabilities:		
Long-Term Debt - Non-Current Portion	<u>1,935,983</u>	<u>0</u>
Total Non-Current Liabilities	<u>1,935,983</u>	<u>0</u>
Total Liabilities	<u>2,742,297</u>	<u>952,243</u>
Net Assets:		
Unrestricted -		
Undesignated	4,679,733	3,421,356
Designated for Endowment Fund	420,211	419,484
Designated for Building Project	0	892,240
Temporarily Restricted	0	0
Total Unrestricted Net Assets	<u>5,099,944</u>	<u>4,733,080</u>
Temporarily Restricted	<u>0</u>	<u>0</u>
Total Net Assets	<u>5,099,944</u>	<u>4,733,080</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>7,842,241</u>	\$ <u>5,685,323</u>

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINED STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

(With Comparative Totals as of September 30, 2008)

	Total 2009	Total 2008
<u>SUPPORT AND REVENUE</u>		
Grants and Contracts	\$ 3,816,910	\$ 4,143,548
Public Contributions	2,485,171	1,517,959
United Way	181,767	196,227
Capital Campaign	167,859	450,994
Special Fund Raising Events	153,919	124,260
Other Revenue	1,690	0
Net assets released from restriction:		
Satisfaction of program requirements	0	0
 Total Support and Revenue	 <u>6,807,316</u>	 <u>6,432,988</u>
 <u>EXPENSES</u>		
Program Services	5,372,407	4,706,336
Management and General	561,757	553,865
Fund Raising	521,363	511,408
 Total Expenses	 <u>6,455,527</u>	 <u>5,771,609</u>
Revenues Over (Under) Expenses	<u>351,789</u>	<u>661,379</u>
 <u>Other Revenues and Expenses</u>		
Investment Income	4,251	6,965
Realized Gains (Losses)	(29,505)	24,674
Unrealized Gains (Losses)	27,175	(143,360)
Other Interest	13,154	36,005
 Total Other Revenues and Expenses	 <u>15,075</u>	 <u>(75,716)</u>
Increase (Decrease) in Net Assets	366,864	585,663
Net Assets, Beginning of Year	4,733,080	4,147,417
Interfund Transfers	0	0
 NET ASSETS, END OF YEAR	 <u>\$ 5,099,944</u>	 <u>\$ 4,733,080</u>

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2009

(With Comparative Totals as of September 30, 2008)

EXPENSES	Program Services				
	Meals on Wheels	Second Meals	County Congregate	City Congregate	Care Calls
Salaries	\$ 1,154,923	\$ 182,077	\$ 93,877	\$ 5,847	\$ 22,587
Payroll Taxes	237,366	25,095	5,530	1,244	2,858
Other Employee Benefits	87,867	13,774	7,290	449	1,720
Recipient Meal Costs	1,508,588	436,956	38,535	168,318	0
Supplies	26,093	2,616	2,380	1,941	428
Postage	22,942	1,416	408	314	151
Printing	32,436	3,576	1,431	1,481	441
Occupancy	23,964	2,060	780	724	80
Utilities	55,929	6,033	1,311	4,657	892
Telephone	15,018	1,063	381	685	227
Professional Fees	14,169	2,488	408	1,028	192
Computer Software	233	0	0	0	0
Equipment Maintenance	29,478	1,696	792	640	304
Insurance	57,379	5,932	1,562	1,226	533
Service Delivery and Mileage	86,992	8,507	4,009	270	0
Dues and Subscriptions	4,020	302	204	81	0
Conferences/Training/Travel	12,505	1,168	756	325	120
Interest	0	0	0	0	0
Special Client Assistance/Aid	0	0	0	0	0
Catering, Facility, Decorations	0	0	0	0	0
Award Costs	0	0	0	0	0
Promotional	637	0	0	0	0
Volunteer Recognition/Recruitment	15,223	920	0	0	1,128
Miscellaneous	24,675	612	289	290	101
Lobbying	0	0	0	0	0
Total Expenses Before Depreciation	3,410,437	696,291	159,943	189,520	31,762
Depreciation	123,601	22,331	3,486	10,209	859
TOTAL EXPENSES	\$ 3,534,038	\$ 718,622	\$ 163,429	\$ 199,729	\$ 32,621

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2009

(With Comparative Totals as of September 30, 2008)

EXPENSES	Program Services			
	Medi Wheels	Client Assistance	PALS Program	Groceries To Go
Salaries	\$ 40,080	\$ 21,012	\$ 13,245	\$ 30,473
Payroll Taxes	4,534	3,809	2,316	3,569
Other Employee Benefits	3,046	1,591	1,010	2,317
Recipient Meal Costs	0	0	0	0
Supplies	676	297	1,225	472
Postage	235	96	7	171
Printing	946	286	215	495
Occupancy	216	0	0	168
Utilities	1,400	583	428	981
Telephone	351	146	105	245
Professional Fees	400	132	80	300
Computer Software	0	0	0	0
Equipment Maintenance	472	196	160	320
Insurance	1,859	346	254	580
Service Delivery and Mileage	1,493	472	0	214
Dues and Subscriptions	0	0	0	0
Conferences/Training/Travel	307	64	20	144
Interest	0	0	0	0
Special Client Assistance/Aid	8,885	33,138	0	0
Catering, Facility, Decorations	0	0	0	0
Award Costs	0	0	0	0
Promotional	0	0	0	0
Volunteer Recognition/Recruitment	272	88	200	152
Miscellaneous	189	100	101	128
Lobbying	0	0	0	0
Total Expenses Before Depreciation	65,361	62,356	19,366	40,729
Depreciation	1,559	719	590	1,164
TOTAL EXPENSES	\$ 66,920	\$ 63,075	\$ 19,956	\$ 41,893

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2009

(With Comparative Totals as of September 30, 2008)

EXPENSES	Program Services			
	Handy Wheels	Country Wheels	Meals for Kids	Summer Food Prog.
Salaries	\$ 31,090	\$ 41,968	\$ 32,109	\$ 11,552
Payroll Taxes	6,612	9,969	4,971	1,153
Other Employee Benefits	2,350	3,224	2,470	904
Recipient Meal Costs	12,937	70,107	62,496	86,005
Supplies	376	904	1,145	477
Postage	131	448	256	99
Printing	586	1,214	884	531
Occupancy	88	552	272	288
Utilities	772	2,041	1,725	2,740
Telephone	191	446	382	687
Professional Fees	176	576	464	351
Computer Software	0	0	0	0
Equipment Maintenance	252	624	520	675
Insurance	454	5,547	1,596	612
Service Delivery and Mileage	32	8,196	1,376	0
Dues and Subscriptions	0	72	0	0
Conferences/Training/Travel	128	432	336	0
Interest	0	0	0	0
Special Client Assistance/Aid	0	0	0	0
Catering, Facility, Decorations	0	0	0	0
Award Costs	0	0	0	0
Promotional	0	0	0	0
Volunteer Recognition/Recruitment	200	0	0	0
Miscellaneous	44	226	195	162
Lobbying	0	0	0	0
Total Expenses Before Depreciation	56,419	146,546	111,197	106,236
Depreciation	1,006	5,347	4,395	4,401
TOTAL EXPENSES	\$ 57,425	\$ 151,893	\$ 115,592	\$ 110,637

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2009

(With Comparative Totals as of September 30, 2008)

<u>EXPENSES</u>	Program Services			
	Hope	AGE	Legislative Activities	Total
Salaries	\$ 10,795	\$ 4,476	\$ 27,640	\$ 1,723,751
Payroll Taxes	2,409	623	0	312,058
Other Employee Benefits	820	347	0	129,179
Recipient Meal Costs	202	29,107	0	2,413,251
Supplies	1,549	116	0	40,695
Postage	7	0	0	26,681
Printing	149	122	0	44,793
Occupancy	0	0	0	29,192
Utilities	294	324	0	80,110
Telephone	72	59	0	20,058
Professional Fees	0	0	0	20,764
Computer Software	0	0	0	233
Equipment Maintenance	72	0	0	36,201
Insurance	175	143	0	78,198
Service Delivery and Mileage	10	0	0	111,571
Dues and Subscriptions	0	0	0	4,679
Conferences/Training/Travel	19	0	0	16,324
Interest	0	0	0	0
Special Client Assistance/Aid	0	0	0	42,023
Catering, Facility, Decorations	0	0	0	0
Award Costs	0	0	0	0
Promotional	0	0	0	637
Volunteer Recognition/Recruitment	36	0	0	18,219
Miscellaneous	0	0	0	27,112
Lobbying	0	0	15,447	15,447
	16,609	35,317	43,087	5,191,176
Total Expenses Before Depreciation				
Depreciation	357	1,207	0	181,231
TOTAL EXPENSES	\$ 16,966	\$ 36,524	\$ 43,087	\$ 5,372,407

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2009

(With Comparative Totals as of September 30, 2008)

EXPENSES	Support Services		2009 Total	2008 Total
	Management and General	Fund Raising		
Salaries	\$ 403,880	\$ 244,096	\$ 2,371,727	\$ 2,071,881
Payroll Taxes	83,008	45,490	440,556	161,918
Other Employee Benefits	30,727	19,181	179,087	412,847
Recipient Meal Costs	0	0	2,413,251	2,101,774
Supplies	0	33,452	74,147	66,397
Postage	0	28,190	54,871	54,468
Printing	0	61,423	106,216	108,525
Occupancy	3,611	750	33,553	30,518
Utilities	8,428	6,035	94,573	91,627
Telephone	2,263	2,287	24,608	25,440
Professional Fees	9,750	53,873	84,387	26,941
Computer Software	0	0	233	545
Equipment Maintenance	160	5,866	42,227	24,405
Insurance	0	3,382	81,580	83,437
Service Delivery and Mileage	0	0	111,571	109,856
Dues and Subscriptions	606	0	5,285	5,056
Conferences/Training/Travel	0	3,037	19,361	27,681
Interest	0	0	0	0
Special Client Assistance/Aid	0	0	42,023	43,683
Catering, Facility, Decorations	0	0	0	31,219
Award Costs	0	0	0	0
Promotional	0	0	637	30,191
Volunteer Recognition/Recruitment	0	0	18,219	14,524
Miscellaneous	4,209	7,543	38,864	41,448
Lobbying	0	0	15,447	22,340
Total Expenses Before Depreciation	546,642	514,605	6,252,423	5,586,721
Depreciation	15,115	6,758	203,104	184,888
TOTAL EXPENSES	\$ 561,757	\$ 521,363	\$ 6,455,527	\$ 5,771,609

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY.
Austin, Texas

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2009

(With Comparative Totals as of September 30, 2008)

	2009	2008
<u>Cash Flows From Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ 351,789	\$ 661,379
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	203,104	150,427
(Increase) Decrease in Grants Receivable	(21,372)	155,146
(Increase) Decrease in Other Receivables	2,204	(2,203)
(Increase) Decrease in Prepaid Items	3,739	3,323
Increase (Decrease) in Accounts Payable	152,940	93,558
Increase (Decrease) in Deferred Revenue	(305,437)	471,734
Increase (Decrease) in Accrued Liabilities	6,568	0
Net Cash Provided (Used) by Operating Activities	393,535	1,533,364
<u>Cash Provided (Used) by Investing Activities</u>		
Acquisition of Fixed Assets	(2,851,947)	(264,906)
(Increase) Decrease in Investments	1,714,563	(923,089)
Gains (Losses) on Investments	(29,505)	(118,686)
Investment Income	4,251	6,965
Interest on Deposits	13,154	36,005
Net Cash Provided (Used) by Investing Activities	(1,149,484)	(1,263,711)
<u>Cash Provided (Used) by Financing Activities</u>		
Long-Term Debt Proceeds	1,935,983	0
Net Cash Provided (Used) by Financing Activities	1,935,983	0
Net Increase (Decrease) in Cash	1,180,034	269,653
Cash and Cash Equivalents, Beginning of Year	552,553	282,900
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,732,587	\$ 552,553

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Meals on Wheels and More, Inc. and Related Entity formerly known as United Austin for the Elderly, Inc. (the organization) was founded in 1972 by a group of volunteers who created the Meals on Wheels program to help meet the nutritional needs of homebound elderly people in Austin and Travis County. The organization has grown to provide a variety of program services that are designed to enable the homebound elderly to remain independent and in their own homes. The organization depends significantly on third-party reimbursement arrangements to carry out its program services.

The organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code for any income related to the organization's exempt purpose. The Internal Revenue Service classifies the organization as other than a private foundation. Additionally, the endowment, under its own application, is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code for any income related to the endowment's exempt purpose. The Internal Revenue Service classifies the endowment as other than a private foundation.

Nature of Organization and Basis of Consolidation – Austin Meals on Wheels Endowment Fund – Included in the financial statements are the accounts of Austin Meals on Wheels Endowment Fund (the endowment), which was established August 10, 1993, by the board of directors and designated for the purpose and intent of receiving, investing, and managing contributions received for the benefit of Meals on Wheels and More, Inc. and Related Entity. The endowment may distribute up to 5% of the average of the previous 12 quarters' ending market value. The withdrawals should never be such as to take the corpus below the inception money value plus net additions. Transfers to the organization from the Foundation equaled \$20,000 in 2008. No transfers were made in 2009.

All funds in the endowment represent discretionary transfers from the endowment and are therefore not restricted, but are designated for the purposes described above. The net assets of the endowment are shown in the statement of financial position as Unrestricted, Designated for Endowment Fund, and totaled \$420,211 as of September 30, 2009 and \$419,484 at September 30, 2008.

Method of Accounting – The organization and endowment use the accrual basis method of accounting. Such method of accounting recognizes support, revenue and the related receivables as earned, regardless of when the cash is collected. Expenses and related payables are recognized as incurred, regardless of when the obligation is paid.

Financial Statement Presentation – To ensure that temporarily restricted grant funds are used for the purpose to which they are intended, the organization maintains its accounts in accordance with the principles of fund accounting. Funds are established for each of the organization's activities, based on their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been translated to adopt Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* and classified accordingly.

The classification of the organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES, CONT'D

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The organization has no permanently restricted net assets.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Certain income received under grant agreements is temporarily restricted until the organization meets purpose restrictions by satisfying specified program initiatives. If the program restrictions are satisfied in the same period as the income received, the organization records the income as unrestricted revenues. Temporarily restricted income received that has not satisfied program restrictions is recorded as temporarily restricted until program restrictions are satisfied.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Comparative Financial Statements – The financial statements include certain prior-year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended September 30, 2008, from which the summarized information was derived.

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

Contributions – Grants and other contributions of cash and other assets are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. The majority of the contributions are from a broad base of contributions as a result of the annual campaign. Promises to give are typically neither received nor recorded by the organization.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The organization did not receive any contributions of donated services in 2009 that meet the criteria for recording in the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 1: ORGANIZATION BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES, CONT'D

Cash and Cash Equivalents – For the purposes of the statement of cash flows, cash is defined as cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days.

Investments – The organization's investments in equity securities with readily determinable fair value and all debt securities are reported at their fair value. Unrealized gains and losses arising from changes in the fair value of investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Receivables – Grants and contract receivables represent expenses incurred, which will be offset by funds to be received. Receivables considered a problem to collect are reflected as an allowance for uncollectible accounts. At year-end, the organization considered all receivables to be fully collectible.

Receivables due within one year	\$ 444,835
Receivables due on one to five years	<u>0</u>
TOTAL	<u>\$ 444,835</u>

Fixed Assets – Generally, items with a cost or fair value over \$500 are capitalized as fixed assets and are stated at cost if purchased and fair value if donated. Depreciation is calculated by applying the straight-line method over the estimated useful lives of the assets of generally three to sixteen years.

Expense Allocations – Functional expenses which are not specifically attributable to program services or supporting services are allocated by management based on various allocation factors.

NOTE 2: INVESTMENTS

Investments, all unrestricted, are stated at their fair value and are composed the following:

	<u>September 30</u>	
	<u>2009</u>	<u>2008</u>
	<u>Market</u>	<u>Market</u>
Cash and Money Market Accounts	\$ 79,764	\$ 102,074
U. S. Equities	310,089	229,090
International Equities	22,533	82,202
U. S. Treasury Notes	<u>0</u>	<u>1,686,408</u>
	<u>\$ 412,386</u>	<u>\$ 2,099,774</u>

Investment income equaled \$4,251 and \$6,965 for the years ended September 30, 2009 and 2008 respectively, and is comprised of interest and dividends. See Board designated restrictions set forth in Note 6.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 3: FIXED ASSETS

Additions and retirements to fixed assets for the year ended September 30, 2009 were as follows:

	Balance <u>09/30/08</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>09/30/09</u>
Land	\$ 169,032	\$ 0	\$ 0	\$ 169,032
Buildings	2,174,488	2,573,232	0	4,747,720
Automobiles	449,504	25,194	0	474,698
Furniture and Equipment	<u>982,301</u>	<u>253,521</u>	<u>(2,467)</u>	<u>1,233,355</u>
Total	<u>\$ 3,775,325</u>	<u>\$ 2,851,947</u>	<u>\$ (2,467)</u>	<u>\$ 6,624,805</u>
Accumulated Depreciation	<u>\$(1,234,479)</u>	<u>\$(203,105)</u>	<u>\$ 2,467</u>	<u>\$(1,435,117)</u>

Certain real property owned by the organization was used to secure a construction loan. See Note 4.

NOTE 4: LONG-TERM DEBT

The organization maintains a line of credit in the amount of \$200,000. This line of credit has a variable interest rate (currently 3%). No draw downs were made on this line of credit during the fiscal year ended September 30, 2009.

The organization is party to a construction loan for expansion of facilities located on East 5th Street. The promissory note is in the amount of Three Million Five Hundred Forty-Five Thousand dollars (\$3,545,000) and is secured by real property and capital campaign receipts. As of September 30, 2009, total draws of \$1,935,983 had been made. The note has a 20 year term and a variable interest rate adjusted monthly, which is calculated based on the London Inter-Bank Market Offered Rate (LIBOR) plus 1.5%, but shall not be less than 3% per year. The organization is required to pay only interest costs for the first 36 months of the loan. Upon completion of the first 36 month period, estimated payments of \$25,594 (depending on current interest rates and total draw down of principal) will be due monthly until maturity. Under the terms of the agreement, the organization is required to maintain a debt service coverage ratio of not less than 1.2/1.0 and a tangible net worth of \$3.5 million. The organization was in compliance with all debt covenants at September 30, 2009. Future debt maturities and interest requirements cannot be determined at this time, as construction is still in progress and amounts are still being drawn down.

NOTE 5: NET ASSETS DESIGNATED FOR SPECIFIC PURPOSES

The organization has designated that certain unrestricted net assets be used for specific purposes. The amounts and specific purposes are as follows:

	<u>2009</u>	<u>2008</u>
Designated for Endowment Fund	<u>\$ 420,211</u>	<u>\$ 419,484</u>
Designated for Building Project	<u>\$ 0</u>	<u>\$ 892,240</u>

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 6: GRANTS AND CONTRACTS

Grants and contracts reported in the accompanying financial statements represent 66% of total support and revenue for the year ended September 30, 2009. Details of grants and contracts are as follows:

	<u>Unrestricted</u>
<u>Cost Reimbursement Contracts</u>	
City of Austin/Travis County, Texas – Meals on Wheels	\$ 293,538
City of Austin/Travis County, Texas – Basic Needs	66,154
Federal Emergency Management Assistance	13,179
Travis County Congregate Meals	61,750
<u>Grants</u>	
Texas Department of Agriculture – 1 st Meals	558,588
Texas Department of Agriculture – 2 nd Meals	558,588
Capital Area United Way	180,000
Round Rock United Way	1,767
Travis County Health Facility	125,000
Corporate and Foundation	557,410
<u>Unit Cost Reimbursement</u>	
Texas Department of Human Services:	
Title XX Meals on Wheels	670,152
Community Based Alternatives – Evercare	72,169
Community Based Alternatives – Amerigroup	241,479
Texas Department on Aging:	
Title III C-1 – Congregate Meals	55,398
Title III C-2 – HDM	549,201
Title III C-2 – Equipment	50,274
Title III C-2 – Rural Delivery	140,443
City of Austin – Congregate Meals	210,292
Austin Groups for the Elderly – Congregate Meals	38,304
City of Austin – Summer Food Program	97,558
Breakthrough Austin Kids Meals	<u>14,842</u>
	<u>\$ 4,556,086</u>

The organization operates under various grant agreements with government agencies which generally cover a one-year period, subject to annual renewals. The terms of these grants allow the grantors the right to audit the costs incurred thereunder. Any costs disallowed by the grantor would be absorbed by the organization. Management believes any adjustments by the grantors, if any, would be immaterial and would not have a material adverse effect on the financial position of the organization.

NOTE 7: PENSION PLAN

The organization maintains a 401(k) pension plan for all eligible employees. During the fiscal year ended September 30, 2009, the organization contributed 7% of eligible salaries to the plan. Total contributions amounted to \$219,586; \$82,142 by employees, and \$137,444 by the organization. Eligible employees may voluntarily contribute a portion of their salary to the plan as well. All eligible employees are fully vested in voluntary contributions and are fully vested in the organizations' contributions after 5 years of service.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE 8: ACCRUED VACATION AND SICK PAY

Compensated absences totaling \$222,150 at September 30, 2009 have been accumulated by employees of the organization. Of this amount, \$143,106 is accrued sick pay that is not recorded by the organization. The remaining \$79,044 is accrued vacation pay. Because of various restrictions placed on payment of accrued leave upon employee termination, management has accrued a liability of \$30,000, as they believe this more accurately reflects the organization's potential liability.

NOTE 9: CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The organization maintains cash accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation. All deposits of the organization were fully insured at September 30, 2009.

NOTE 10: CONCENTRATION OF FUNDING SOURCE

The organization received approximately 10% of its support and revenue under its Title XX-Home Delivered Meals contract and approximately 16% from the Texas Department of Agriculture – Home Delivered Meal Program. A loss of either of these contracts could ultimately affect operating results.

Saunders & Associates, PLLC

Certified Public Accountants

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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

Board of Directors
Meals on Wheels and More, Inc. and Related Entity
Austin, Texas

We have audited the combined financial statements of Meals on Wheels and More, Inc. and Related Entity as of and for the year ended September 30, 2009, and have issued our report thereon dated March 22, 2010. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Meals on Wheels and More, Inc. and Related Entity's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels and More, Inc. and Related Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Meals on Wheels and More, Inc. and Related Entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Meals on Wheels and More, Inc. and Related Entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Meals on Wheels and More, Inc. and Related Entity's financial statements that is more than inconsequential will not be prevented or detected by Meals on Wheels and More, Inc. and Related Entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Meals on Wheels and More, Inc. and Related Entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meals on Wheels and More, Inc. and Related Entity'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 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*.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities; and is not intended to be, and should not be, used by anyone other than these specified parties.

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

March 22, 2010

Saunders & Associates, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Meals on Wheels and More, Inc. and Related Entity
Austin, Texas

Compliance

We have audited the compliance of Meals on Wheels and More, Inc. and Related Entity with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that are applicable to each of its major federal programs for the year ended September 30, 2009. Meals on Wheels and More, Inc. and Related Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Meals on Wheels and More, Inc. and Related Entity's management. Our responsibility is to express an opinion on Meals on Wheels and More, Inc. and Related Entity's compliance based on our audit.

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 of America; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 and the *State of Texas Single Audit Circular* 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 and More, Inc. and Related Entity's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audit does not provide a legal determination on Meals on Wheels and More, Inc. and Related Entity's compliance with those requirements.

In our opinion, Meals on Wheels and More, Inc. and Related Entity complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of Meals on Wheels and More, Inc. and Related Entity is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Meals on Wheels and More, Inc. and Related Entity's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 and More, Inc. and Related Entity's internal control over compliance.

A control deficiency in Meals on Wheels and More, Inc. and Related Entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Meals on Wheels and More, Inc. and Related Entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Meals on Wheels and More, Inc. and Related Entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Meals on Wheels and More, Inc. and Related Entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies on internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities; and is not intended to be, and should not be, used by anyone other than these specified parties.

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

March 22, 2010

SUPPLEMENTAL INFORMATION

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2009

Federal Assistance	Federal	Agency	
Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass- Through Number	<u>Expenditures</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Texas Department on Aging: Capital Area Planning Council:			
Title III C-1 - Congregate Meals	93.045	AAA09-06	\$ 55,398
Title III C-2 - Home Delivered Meals	93.045	AAA09-06	\$ 549,201
Title III C-2 - Rural Delivery	93.045	AAA09-06	140,443
Title III C-2 - Equipment	93.045	AAA09-06	<u>50,274</u>
Total U. S. Department of Health and Human Services			<u>795,316</u>
<u>FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u>			
Passed Through Austin/Travis, Williamson Counties, Texas United Way: Emergency Food and Shelter Program			
	83.523	LRO-016	<u>13,179</u>
Total Federal Emergency Management Assistance			<u>13,179</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 808,495</u>
 State Assistance			
<u>Texas Dept. of Agriculture</u>			
Home Delivered Meal Program	N/A	---	<u>1,117,176</u>
TOTAL STATE ASSISTANCE			<u>1,117,176</u>

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2009

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Meals on Wheels and More, Inc. and Related Entity and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single audit Circular*.

NOTE 2: CONTINGENT LIABILITIES

The organization participates in federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards, Single Audit Act Amendments of 1996*, and the *State of Texas Single audit Circular* if applicable, in accordance with the required levels of Federal and State Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

NOTE 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal or State financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with agencies.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2009

	<u>Meals on Wheels and More</u>	<u>Endow- ment Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 1,724,439	\$ 8,148	\$ 1,732,587
Investments	241	412,145	412,386
Receivables -			
Grants and Contracts	444,835	0	444,835
Other	225	0	225
Prepaid Items	62,602	(82)	62,520
Total Current Assets	<u>2,232,342</u>	<u>420,211</u>	<u>2,652,553</u>
Non-Current Assets:			
Fixed Assets -			
Land and Building	4,916,751	0	4,916,751
Office Furniture and Equipment	689,097	0	689,097
Kitchen Equipment	544,259	0	544,259
Vehicles	474,698	0	474,698
Accumulated Depreciation	(1,435,117)	0	(1,435,117)
Total Non-Current Assets	<u>5,189,688</u>	<u>0</u>	<u>5,189,688</u>
TOTAL ASSETS	<u>\$ 7,422,030</u>	<u>\$ 420,211</u>	<u>\$ 7,842,241</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ 383,022	\$ 0	\$ 383,022
Accrued Payroll Liabilities	36,296	0	36,296
Liability for Compensated Absences	30,000	0	30,000
Deferred Revenue	356,996	0	356,996
Long-Term Debt - Current Portion	0	0	0
Total Current Liabilities	<u>806,314</u>	<u>0</u>	<u>806,314</u>
Non-Current Liabilities:			
Long-Term Debt	1,935,983	0	1,935,983
Total Non-Current Liabilities	<u>1,935,983</u>	<u>0</u>	<u>1,935,983</u>
Total Liabilities	<u>2,742,297</u>	<u>0</u>	<u>2,742,297</u>
Net Assets:			
Unrestricted -			
Undesignated	4,679,733	0	4,679,733
Designated for Endowment Fund	0	420,211	420,211
Designated for Building Project	0	0	0
Temporarily Restricted	0	0	0
Total Net Assets	<u>4,679,733</u>	<u>420,211</u>	<u>5,099,944</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,422,030</u>	<u>\$ 420,211</u>	<u>\$ 7,842,241</u>

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

COMBINING STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

	Meals on Wheels and More	Endow- ment Fund	Eliminations	Total
<u>REVENUE AND OTHER SUPPORT</u>				
Grants and Contracts	\$ 3,816,910	\$ 0	\$ 0	\$ 3,816,910
Public Contributions	2,482,219	2,952	0	2,485,171
United Way	181,767	0	0	181,767
Capital Campaign	167,859	0	0	167,859
Special Fund Raising Events	153,919	0	0	153,919
Other Revenue	1,690	0	0	1,690
Total Current Assets	6,804,364	2,952	0	6,807,316
<u>EXPENSES</u>				
Program Services	5,372,407	0	0	5,372,407
Management and General	557,611	4,146	0	561,757
Fund Raising	521,363	0	0	521,363
Total Expenses	6,451,381	4,146	0	6,455,527
Revenues Over (Under) Expenses	352,983	(1,194)	0	351,789
<u>OTHER REVENUE AND EXPENSES</u>				
Investment Income	0	4,251	0	4,251
Realized Capital Gains (Losses)	0	(29,505)	0	(29,505)
Unrealized Capital Gains (Losses)	0	27,175	0	27,175
Other Interest	13,154	0	0	13,154
Total Other Revenue and Expenses	13,154	1,921	0	15,075
Increase (Decrease) in Net Assets	366,137	727	0	366,864
Net Assets, Beginning of Year	4,313,596	419,484	0	4,733,080
NET ASSETS, END OF YEAR	\$ 4,679,733	\$ 420,211	\$ 0	\$ 5,099,944

* The accompanying notes are an integral part of the financial statements.

MEALS ON WHEELS AND MORE, INC. AND RELATED ENTITY
Austin, Texas

STATUS OF PRIOR YEAR AUDIT FINDINGS

September 30, 2009

None reported.

* The accompanying notes are an integral part of the financial statements.

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified not considered to be material weakness(es)? Yes None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

Federal

CFDA #
93.045

PROGRAM TITLE
Title III – C

State

N/A

Texas Department of Agriculture – Home Delivered Meal Program

Section II – Financial Statement Findings and Questioned Costs:

None.

Section III – Federal Awards Findings and Questioned Costs:

None

* The accompanying notes are an integral part of the financial statements.