

MEALS ON WHEELS SAN ANTONIO

**FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
WITH INDEPENDENT AUDITORS' REPORT**

YEAR ENDED JUNE 30, 2019

**MEALS ON WHEELS SAN ANTONIO
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YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Meals on Wheels San Antonio
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Meals on Wheels San Antonio, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' 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 auditors' 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 San Antonio as of June 30, 2019, 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.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on our consideration of Meals on Wheels San Antonio’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 result of that testing, and not to provide an opinion on the effectiveness of Meals on Wheels San Antonio’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 San Antonio’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

San Antonio, Texas
October 28, 2019

**MEALS ON WHEELS SAN ANTONIO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

ASSETS

Cash	\$ 367,901
Operating Investments	2,230,073
Accounts Receivable, Net	793,141
Prepaid Expenses and Other Assets	162,043
Property and Equipment, Net	5,676,745
Unconditional Promises to Give, Net	168,518
Endowment Investments	<u>184,207</u>
Total Assets	<u><u>\$ 9,582,628</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 138,975
Accrued Liabilities	275,351
Line of Credit	250,000
Grace Place Deposits	<u>36,330</u>
Total Liabilities	<u><u>700,656</u></u>

NET ASSETS

Without Donor Restrictions:	
Undesignated	2,442,352
Invested in Property and Equipment	<u>5,676,745</u>
Total Without Donor Restrictions	8,119,097
With Donor Restrictions:	
Purpose Restrictions	74,728
Time-Restricted for Future Periods	503,940
Perpetual in Nature	170,051
Perpetual in Nature Until Appropriated for Expenditure	<u>14,156</u>
Total With Donor Restrictions	<u>762,875</u>
Total Net Assets	<u><u>8,881,972</u></u>

Total Liabilities and Net Assets	<u><u>\$ 9,582,628</u></u>
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See Accompanying Notes to Financial Statements.

**MEALS ON WHEELS SAN ANTONIO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions and Grants	\$ 2,124,813	\$ 267,568	\$ 2,392,381
United Way Contributions	281,019	-	281,019
Special Events	119,978	-	119,978
In-Kind Contributions	84,632	-	84,632
Revenue			
Fees and Grants from Government Agencies	2,878,079	443,940	3,322,019
Program Fees	1,140,846	-	1,140,846
Net Investment Return	260,455	14,156	274,611
Interest Income	2,205	-	2,205
Miscellaneous Income	11,933	-	11,933
Gain on Disposal of Assets	5,929	-	5,929
Net Assets Released From Restrictions	769,254	(769,254)	-
Total Public Support and Revenue	7,679,143	(43,590)	7,635,553
EXPENSES			
Program Services Expense:			
Meals on Wheels	4,926,549	-	4,926,549
Grace Place	1,259,571	-	1,259,571
Total Program Services Expense	6,186,120	-	6,186,120
Supporting Services Expense:			
Management and General	715,453	-	715,453
Fundraising and Development	899,585	-	899,585
Total Supporting Services Expense	1,615,038	-	1,615,038
Total Expenses	7,801,158	-	7,801,158
CHANGE IN NET ASSETS	(122,015)	(43,590)	(165,605)
Net Assets - Beginning of Year	8,241,112	806,465	9,047,577
NET ASSETS - END OF YEAR	\$ 8,119,097	\$ 762,875	\$ 8,881,972

See Accompanying Notes to Financial Statements.

**MEALS ON WHEELS SAN ANTONIO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services			Management and General	Fundraising and Development	Total
	Meals on Wheels	Grace Place	Total			
Assistance to Individuals	\$ 21,674	\$ 13,427	\$ 35,101	\$ 380	\$ 124	\$ 35,605
Salaries	1,859,022	685,533	2,544,555	375,201	302,482	3,222,238
Employee Benefits	173,497	57,301	230,798	61,079	17,874	309,751
Retirement Plan	56,706	23,093	79,799	18,736	9,666	108,201
Payroll Taxes	135,652	50,479	186,131	30,505	21,485	238,121
Contract Services	82,713	73,442	156,155	2,098	3,579	161,832
Professional Fees	111,419	24,554	135,973	78,008	125,294	339,275
Office Expenses	23,268	14,335	37,603	49,868	58,134	145,605
Printing, Publications, and Artwork	2,987	1,353	4,340	279	293,827	298,446
Advertising	12,458	4,147	16,605	7,916	48,973	73,494
Occupancy	99,581	140,772	240,353	52,987	175	293,515
Insurance	31,518	7,256	38,774	2,268	3,681	44,723
Travel	38,246	1,388	39,634	9,587	749	49,970
Meetings and Conferences	1,226	1,282	2,508	9,383	1,977	13,868
Equipment Lease and Maintenance	9,809	3,605	13,414	6,432	39	19,885
Depreciation	177,970	64,720	242,690	20,610	3,692	266,992
Interest	-	-	-	538	-	538
Food and Kitchen Supplies	1,799,912	87,791	1,887,703	565	26	1,888,294
Vehicle Expenses	213,815	-	213,815	-	-	213,815
Bad Debt	49,426	-	49,426	-	-	49,426
Miscellaneous	25,650	5,093	30,743	(10,987)	7,808	27,564
Total	\$ 4,926,549	\$ 1,259,571	\$ 6,186,120	\$ 715,453	\$ 899,585	\$ 7,801,158

See Accompanying Notes to Financial Statements.

**MEALS ON WHEELS SAN ANTONIO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (165,605)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	266,992
Gain on Disposal of Assets	(5,929)
Bad Debt	49,426
Contributions Restricted to Endowment	(170,051)
Discount on Unconditional Promises to Give to Net Present Value	11,582
Donated Operating Investments	(1,105)
Net Realized and Unrealized Gains on Operating Investments	(150,407)
Net Realized and Unrealized Gains on Endowment Investments	(11,194)
Change in Operating Assets and Liabilities:	
Accounts Receivable	(38,282)
Unconditional Promises to Give	189,900
Prepaid Expenses and Other Assets	22,809
Accounts Payable	(57,698)
Accrued Liabilities	75,839
Grace Place Deposits	(6,080)
Net Cash Provided by Operating Activities	10,197

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of operating investments	(2,291,471)
Proceeds from sale of operating investments	4,599,522
Purchase of endowment investments	(183,421)
Proceeds from sale of endowment investments	2,962
Purchase and construction of property and equipment	(2,386,380)
Net Cash Used by Investing Activities	(258,788)

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions Restricted to Endowment	170,051
Proceeds from Line of Credit	250,000
Net Cash Provided by Financing Activities	420,051

NET DECREASE IN CASH

171,460

Cash - Beginning of Year

196,441

CASH - END OF YEAR

\$ 367,901

SUPPLEMENTAL NONCASH INVESTING ACTIVITIES

Traded in fully depreciated vehicles for a trade-in allowance	\$ 13,125
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See Accompanying Notes to Financial Statements.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Meals on Wheels San Antonio (MOWSA) (previously known as Christian Senior Services) is a nonprofit corporation whose mission is to promote the dignity and independence of seniors who are in need of nutritious meals, companionship and Alzheimer's care. There are two primary programs provided by MOWSA:

Meals on Wheels (MOW) – This program prepares and distributes hot, nutritious lunches and provides safety checks to homebound senior adults primarily in Bexar County and is primarily supported by public contributions and grants as well as fees and grants from government agencies. The MOW program also provides additional services, such as the Friendly Visitors Program and AniMeals.

Grace Place – This program provides a day center where those living with Alzheimer's disease or related dementia participate in socialization and activities, improving their quality of life and providing low-cost respite for their caregivers. This program is supported by program fees, public donations, and grants from government agencies.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the 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. Actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash on hand, in banks, in money markets and highly liquid investments with initial maturity periods of three months or less. There were no cash equivalents at June 30, 2019.

Accounts Receivable

Accounts receivable consist of noninterest-bearing amounts due from government agencies for home delivered meals and services provided to Grace Place clients. Accounts receivable are stated at net realizable value and are unsecured. Management provides an allowance for doubtful accounts, which is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Because of the inherent uncertainty in estimating the allowance for doubtful accounts, it is at least reasonably possible that the estimate used will change within the near term. Accounts receivable is written off when all collection efforts have been exhausted; the accounts are written off against the related allowance.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections and concluded that no allowance for uncollectable promises to give is required at June 30, 2019. Promises to give are written off when deemed uncollectable. Because of the inherent uncertainty in estimating the allowance for uncollectable promises to give, it is at least reasonably possible that the estimate used will change within the near term.

Property and Equipment

MOWSA capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

MOWSA reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Facilities

MOWSA receives the free use of program space. Contributions and expenses related to the donated program space have been reflected in the accompanying statement of activities.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$73,494 during the year ended June 30, 2019.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Most expenses are charged directly to program services, management and general, or fundraising and development based on specific identification. Certain administrative salaries are allocated based on an estimate of time spent for each function. Utilities and other occupancy costs are allocated based on space usage.

Income Taxes

Meals on Wheels San Antonio (MOWSA) is organized as a Texas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. MOWSA is required to file a Return of Organization Exempt from Income Tax (Form 990) annually with the IRS. In addition, MOWSA may be subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. MOWSA has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

MOWSA believes it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Future accrued interest and penalties related to unrecognized tax benefits and liabilities would be recognized in income tax expense if such interest and penalties were incurred.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

MOWSA manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market funds. To date, MOWSA has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of its mission. Investments are made by diversified investment managers whose performance is monitored by MOWSA and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Finance Committee believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Change in Accounting Principle

On August 8, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. MOWSA has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been retrospectively applied to all periods presented and the liquidity disclosure has been presented for fiscal year 2019.

Subsequent Events

Management has evaluated subsequent events through October 28, 2019, the date the financial statements were available to be issued.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 date, comprise the following:

Cash	\$ 367,901
Operating Investments	2,230,073
Accounts Receivable	793,141
Unconditional Promises to Give Due Over Next 12 Months	115,209
Total Financial Assets	<u>\$ 3,506,324</u>
Less:	
Donor-Imposed Restrictions:	
Subject to Specified Purpose	<u>(74,728)</u>
Financial Assets Available to Meet Cash Needs for Operating Expenditures Within One Year	<u>\$ 3,431,596</u>

The endowment funds are donor-restricted. Income from donor-restricted endowments is restricted for specific purposes not for operating expenditures, thus donor-restricted endowment funds are excluded from the above analysis.

MOWSA 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 discharged. As part of its liquidity management plan, MOWSA invests cash in excess of requirements in mutual funds and money market funds.

In addition to the financial assets available to meet general expenditures over the next 12 months, MOWSA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. MOWSA also has a revolving line of credit available to meet short-term needs.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following at June 30, 2019:

Amounts due from Government Agencies for Home Delivered Meals	\$ 721,910
Amounts due from Grace Place Clients for services rendered	88,146
Subtotal	<u>810,056</u>
Less Allowance for Doubtful Accounts	(16,915)
Total Accounts Receivable, Net	<u><u>\$ 793,141</u></u>

NOTE 4 PROMISES TO GIVE

Unconditional

Unconditional promises to give are estimated to be collected as follows at June 30, 2019:

Within One Year	\$ 115,209
In One to Five Years	64,891
Total	<u>180,100</u>
Less: Discount to Net Present Value at 4.04%	(11,582)
Total	<u><u>\$ 168,518</u></u>

Unconditional promises to give include amounts due from board members totaling \$66,000.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

Building and Improvements	\$ 2,980,912
Vehicles	1,054,584
Furniture and Fixtures	633,968
Total	<u>4,669,464</u>
Less Accumulated Depreciation	(2,361,786)
Total	<u>2,307,678</u>
Land	3,142,261
Construction in Progress	226,806
Property and Equipment, Net	<u><u>\$ 5,676,745</u></u>

Depreciation expense totaled \$266,992 for the year ended June 30, 2019.

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 INVESTMENTS

Investments are carried at fair value. Fair values are dependent on changes in the prices of the various investments held. An analysis of investments held follows:

	<u>Fair Value</u>	<u>Cost</u>
Operating Investments:		
Bond Mutual Funds	\$ 2,058,185	\$ 2,011,548
Equity Mutual Funds	6,498	3,348
Money Market Funds	164,184	164,184
Stocks	1,206	1,105
Total	<u>\$ 2,230,073</u>	<u>\$ 2,180,185</u>
Endowment Investments:		
Bond Mutual Funds	<u>\$ 184,207</u>	<u>\$ 173,013</u>

Investment return from these investments is summarized as follows for the year ended June 30, 2019:

Operating Investments:	
Interest and Dividends	\$ 119,926
Net Realized Losses	(39,583)
Net Unrealized Gains	189,990
Less: Investment Management and Custodial Fees	<u>(9,878)</u>
Total	260,455
Endowment Investments:	
Interest and Dividends	2,962
Net Unrealized Gains	<u>11,194</u>
Total	<u>14,156</u>
Total Net Investment Return	<u>\$ 274,611</u>

NOTE 7 FAIR VALUE MEASUREMENTS AND DISCLOSURES

MOWSA reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, management develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to management's assessment of the quality, risk or liquidity profile of the asset.

Bond mutual funds and equity mutual funds are valued based on the closing price reported on the active market on which the individual securities are traded and are classified within Level 1 of the valuation hierarchy.

Stocks and money market funds are valued at the closing price reported on the active market on which the individual securities are traded and are classified within Level 1 of the valuation hierarchy.

The following table presents assets measured at fair value on a recurring basis at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Operating Investments:				
Bond Mutual Funds	\$ 2,058,185	\$ -	\$ -	\$ 2,058,185
Equity Mutual Funds	6,498	-	-	6,498
Money Market Funds	164,184	-	-	164,184
Stocks	1,206	-	-	1,206
Total	<u>2,230,073</u>	<u>-</u>	<u>-</u>	<u>2,230,073</u>
Endowment Investments:				
Bond Mutual Funds	184,207	-	-	184,207
Total	<u>\$ 2,414,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,414,280</u>

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 LINE OF CREDIT

MOWSA has a \$2,000,000 revolving line of credit with a bank that is secured by a deed of trust. Borrowings under the line of credit bear interest at the lesser of 18.00% or the sum of the one month LIBOR rate plus 1.65% (4.05% at June 30, 2019). Interest is paid on a monthly basis. The principal and accrued interest are due at maturity (March 26, 2021). The outstanding balance on the line of credit was \$250,000 at June 30, 2019 and interest expense for the year ended June 30, 2019 totaled \$538. The line of credit agreement contains financial reporting covenants.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to Expenditure for Specified Purpose:

AniMeals	\$	2,533
Equipment Fund		25,000
Grace Place Program		348
Home Modifications for Meals On Wheels Clients		46,847
Total		74,728

Subject to the Passage of Time:

2020 Meals on Wheels Program		443,940
Promises to Give, the Proceeds from Which Have Been Restricted by Donors for:		
2020 Meals on Wheels Program		50,000
2020 Special Events		10,000
Total		503,940

Endowments:

Subject to MOWSA's Spending Policy and Appropriation:		
Endowment Funds Restricted in Perpetuity		170,051
Accumulated Gains Restricted by Donor for Appropriation:		
Meals on Wheels Program		4,719
Grace Place Program		4,719
Friendly Visitors Program		4,718
		14,156
Total		184,207
Total Net Assets With Donor Restrictions	\$	762,875

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows during the year ended June 30, 2019:

Satisfaction of Purpose Restrictions:	
AniMeals	\$ 11,589
Grace Place Program	652
Home Modifications for Meals On Wheels Clients	17,277
Expiration of Time Restrictions	<u>739,736</u>
Total Releases from Restrictions	<u>\$ 769,254</u>

NOTE 10 ENDOWMENTS

The endowment funds consists of 3 individual funds established by a donor to provide annual funding for specific activities as follows:

Colonel Marjorie A. Ferrandino Endowment Fund (Meals on Wheels) – As required by its governing document, the original corpus is to be invested in perpetuity with only the investment return to be used for the Meals on Wheels program.

Colonel Marjorie A. Ferrandino Endowment Fund (Grace Place) – As required by its governing document, the original corpus is to be invested in perpetuity with only the investment return to be used for the Grace Place program.

Colonel Marjorie A. Ferrandino Endowment Fund (Friendly Visitors) – As required by its governing document, the original corpus is to be invested in perpetuity with only the investment return to be used for the Friendly Visitors program.

The Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 ENDOWMENTS (CONTINUED)

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

Endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	\$ -	\$ 170,051	\$ 170,051
Accumulated Investment Gains	-	14,156	14,156
Total Endowment Funds	\$ -	\$ 184,207	\$ 184,207

Investment and Spending Policies

MOWSA has adopted an investment policy, approved by the board of directors that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent rate of return that has sufficient liquidity to make the required annual distributions. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Changes in endowment net assets for the year ended June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ -	\$ -
Contributions	-	170,051	170,051
Net Investment Return	-	14,156	14,156
Endowment Net Assets - End of Year	\$ -	\$ 184,207	\$ 184,207

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 RETIREMENT PLAN

MOWSA sponsors a 403(b) plan for all qualified employees. There is no minimum service requirement and employees are automatically enrolled in the plan at 3% of their compensation. MOWSA matches 100% of the employee contributions up to 4% of the employee's compensation. In addition, MOWSA provides employer base contributions equal to 1% of the employee's compensation. Employees are 100% vested after three years of service. Employer contributions to the retirement plan totaled \$108,200 for the year ended June 30, 2019.

NOTE 12 OPERATING LEASES

MOWSA leases office space and equipment under various operating leases expiring at various dates through 2022. In addition to the monthly lease payments, MOWSA is responsible for common area maintenance (CAM) and certain usage charges in excess of established minimums.

Future minimum lease payments, excluding CAM and usage charges, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 19,873
2021	17,046
2022	16,776
2023	4,127
Total	<u>\$ 57,822</u>

Rent expense under these operating leases totaled \$54,161 for the year ended June 30, 2019.

NOTE 13 IN-KIND CONTRIBUTIONS

MOWSA received donated use of facilities, donated services and donated goods as follows during the year ended June 30, 2019:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Engineering Services	\$ -	\$ 17,000	\$ -	\$ 17,000
Food and Kitchen Supplies	46,200	-	-	46,200
Occupancy	21,432	-	-	21,432
Total	<u>\$ 67,632</u>	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ 84,632</u>

**MEALS ON WHEELS SAN ANTONIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14 UNEMPLOYMENT TAXES

MOWSA participates in Unemployment Services Trust (UST) to fund unemployment costs instead of paying state unemployment taxes. Like state unemployment taxes, UST contributions are driven by unemployment claims history and the size of payroll. However, unlike state unemployment taxes, UST contributions are held in a reserve, earn investment income and remain the asset of MOWSA. Management has chosen to treat contributions paid to UST as expenses instead of recording an asset and liability because the losses resulting from unreported claims cannot be estimated by management. The balance in the reserve account totaled \$35,043 at June 30, 2019 and is not included in the accompanying statement of financial position. Contributions paid to UST during the year ended June 30, 2019 totaled \$4,986 and are included in the accompanying statement of activities.

NOTE 15 ECONOMIC DEPENDENCY AND CONCENTRATIONS

MOWSA purchased food items costing \$1,372,098 from one vendor during the year ended June 30, 2019. This represents 95% of total food purchased for the year ended June 30, 2019. At June 30, 2019, 43% of accounts payable is due to two vendors. Management believes that suitable vendors could be located in the event these vendors could not be utilized.

At June 30, 2019, four donors accounted for 74% of total promises to give and two customers accounted for 84% of total accounts receivable. For the year ended June 30, 2019, one donor accounted for approximately 11% of total contributions, one customer accounted for 27% of total program fees and two grantors accounted for approximately 83% of total fees and grants from government agencies. It is always considered reasonably possible that contributors or grantors might be lost in the near term.

NOTE 16 COMMITMENTS AND CONTINGENCIES

MOWSA participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that MOWSA has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of MOWSA, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.



INDEPENDENT AUDITORS' 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 San Antonio
San Antonio, 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 San Antonio, which comprise the statement of financial position as of June 30, 2019, 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 October 28, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 San Antonio’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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

San Antonio, Texas
October 28, 2019



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

Board of Directors
Meals on Wheels San Antonio
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited Meals on Wheels San Antonio'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 San Antonio's major federal programs for the year ended June 30, 2019. Meals on Wheels San Antonio'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 San Antonio'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 San Antonio'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 San Antonio's compliance.

Opinion on Each Major Federal Program

In our opinion, Meals on Wheels San Antonio 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 June 30, 2019.

Report on Internal Control Over Compliance

Management of Meals on Wheels San Antonio 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 San Antonio'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 San Antonio'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 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.

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.



CliftonLarsonAllen LLP

San Antonio, Texas
October 28, 2019

**MEALS ON WHEELS SAN ANTONIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors’ report issued on compliance for for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes X no

Identification of Major Federal Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.045	Aging Cluster: Special Programs for the Aging - Title III, Part C - Nutrition Services
93.053	Nutrition Services Incentive Program
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

**MEALS ON WHEELS SAN ANTONIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs - Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**MEALS ON WHEELS SAN ANTONIO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2018 – 001

Condition: This finding was a significant deficiency stating that donor restrictions were not entered into the accounting system. The Organization was tracking donor restrictions on a separate spreadsheet.

Status: Corrected. The Organization is now tracking donor restrictions within the accounting system using project IDs.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

**MEALS ON WHEELS SAN ANTONIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Aging Cluster			
Special Program for the Aging - Title III, Part C - Nutrition Services			
Passed-through Alamo Area Council of Governments Home Delivered Meals	93.045	539-11-0004-00001	\$ 1,312,867
Passed-Through Texas Health and Human Services Commission Home Delivered Meals	93.045	00172500	426,388
Nutrition Services Incentive Program			
Passed-through Alamo Area Council of Governments Home Delivered Meals	93.053	539-11-0004-00001	<u>522,052</u>
Total Aging Cluster			<u>2,261,307</u>
Total U.S. Department of Health and Human Services			2,261,307
U.S. Department of Homeland Security			
Passed-Through Federal Emergency Management Agency Emergency Food and Shelter National Board Program	97.024	35-7886-00-028	<u>16,342</u>
Total U.S. Department of Homeland Security			<u>16,342</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,277,649</u></u>

MEALS ON WHEELS SAN ANTONIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Meals on Wheels San Antonio under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Meals on Wheels San Antonio, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Meals on Wheels San Antonio.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accounting principles generally accepted in the United States of America. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, Meals on Wheels San Antonio provided no federal awards to subrecipients.

NOTE 4 NONCASH ASSISTANCE

Meals on Wheels San Antonio did not receive any noncash assistance from federal awards for the year ended June 30, 2019.

NOTE 5 LOANS

At year-end, Meals on Wheels San Antonio had no loans or loan guarantees outstanding with federal awarding agencies.

NOTE 6 INDIRECT COST RATES

Meals on Wheels San Antonio has not elected to use the 10% de minimus indirect cost rate, as allowed under the Uniform Guidance.