MEALS ON WHEELS SAN ANTONIO

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

MEALS ON WHEELS SAN ANTONIO
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CliftonLarsonAllen LLP
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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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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. 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, 2018, 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.

CliftonLarsonAllen LLP

San Antonio, Texas
October 22, 2018

MEALS ON WHEELS SAN ANTONIO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Cash and Cash Equivalents	
Unrestricted	$ 183,930
Temporarily Restricted	16,729
Accounts Receivable, Net	804,285
Unconditional Promises to Give	370,000
Prepaid Expenses and Other Assets	184,852
Property and Equipment, Net	3,551,428
Investments	4,374,948
Total Assets	$ 9,486,172

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable	$ 196,673
Accrued Liabilities	199,512
Grace Place Deposits	42,410
Total Liabilities	438,595
NET ASSETS	
Unrestricted	
Undesignated	4,689,684
Invested in Property and Equipment	3,551,428
Total Unrestricted	8,241,112
Temporarily Restricted	806,465
Total Net Assets	9,047,577
Total Liabilities and Net Assets	$ 9,486,172

See Accompanying Notes to Financial Statements.

MEALS ON WHEELS SAN ANTONIO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions and Grants	$ 2,066,955	$ 390,100	$ 2,457,055
United Way Contributions	274,563	-	274,563
Special Events	168,980	-	168,980
In-Kind Contributions	84,225	-	84,225
Revenue			
Fees and Grants from Government Agencies	2,605,148	419,736	3,024,884
Program Fees	1,131,915	-	1,131,915
Investment Return	(36,699)	-	(36,699)
Interest Income	802	-	802
Miscellaneous Income	1,168	-	1,168
Gain on Disposal of Assets	707	-	707
Net Assets Released From Restrictions	579,758	(579,758)	-
Total Public Support and Revenue	6,877,522	230,078	7,107,600
EXPENSES			
Program Services Expense:			
Meals on Wheels	5,821,058	-	5,821,058
Grace Place	1,290,691	-	1,290,691
Total Program Services Expense	7,111,749	-	7,111,749
Supporting Services Expense:			
Management and General	352,958	-	352,958
Fundraising and Development	606,342	-	606,342
Total Supporting Services Expense	959,300	-	959,300
Total Expenses	8,071,049	-	8,071,049
CHANGE IN NET ASSETS	(1,193,527)	230,078	(963,449)
Net Assets - Beginning of Year	9,434,639	576,387	10,011,026
NET ASSETS - END OF YEAR	$ 8,241,112	$ 806,465	$ 9,047,577

See Accompanying Notes to Financial Statements.

MEALS ON WHEELS SAN ANTONIO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services			Management	Fundraising and	
	Meals on Wheels	Grace Place	Total	and General	Development	Total
Assistance to Individuals	$ 39,115	$ 15,646	$ 54,761	$ -	$ -	$ 54,761
Salaries	2,231,032	719,748	2,950,780	52,709	255,080	3,258,569
Employee Benefits	251,183	84,197	335,380	9,362	14,851	359,593
Retirement Plan	68,736	21,058	89,794	27,964	3,641	121,399
Payroll Taxes	151,989	56,786	208,775	22,560	8,244	239,579
Contract Services	252,771	54,748	307,519	2,472	8,733	318,724
Professional Fees	94,943	15,558	110,501	116,207	82,453	309,161
Office Expenses	46,562	24,303	70,865	16,628	3,905	91,398
Printing, Publications, and Artwork	31,939	1,245	33,184	1,226	105,652	140,062
Advertising	27,173	2,339	29,512	14,219	13,161	56,892
Postage	11,906	1,351	13,257	1,259	92,530	107,046
Occupancy	142,728	146,945	289,673	46,529	6,153	342,355
Insurance	29,830	7,065	36,895	1,632	3,087	41,614
Travel	72,086	5,996	78,082	4,284	2,254	84,620
Meetings and Conferences	4,472	589	5,061	9,004	1,957	16,022
Equipment Lease and Maintenance	12,186	5,623	17,809	7,378	651	25,838
Depreciation	171,183	59,274	230,457	16,263	3,706	250,426
Food and Kitchen Supplies	1,934,377	55,900	1,990,277	2,324	279	1,992,880
Senior Companion Program Training	8,584	-	8,584	-	-	8,584
Vehicle Expenses	231,075	6	231,081	50	-	231,131
Bad Debt	4,385	12,205	16,590	-	-	16,590
Miscellaneous	2,803	109	2,912	888	5	3,805
Total	$ 5,821,058	$ 1,290,691	$ 7,111,749	$ 352,958	$ 606,342	$ 8,071,049

See Accompanying Notes to Financial Statements.

MEALS ON WHEELS SAN ANTONIO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (963,449)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation Expense	250,426
Gain on Disposal of Assets	(707)
Noncash Gifts of Property and Equipment	(28,874)
Bad Debt	16,590
Net Realized and Unrealized Loss on Investments	142,067
Change in Operating Assets and Liabilities:	
Accounts Receivable	106,872
Unconditional Promises to Give	(369,624)
Prepaid Expenses and Other Assets	(53,434)
Accounts Payable	135,662
Accrued Liabilities	38,034
Grace Place Deposits	954
Net Cash Used by Operating Activities	(725,483)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(5,518,414)
Proceeds from sale of investments	1,006,786
Proceeds from sale of property and equipment	8,123
Purchase and construction of property and equipment	(386,562)
Net Cash Used by Investing Activities	(4,890,067)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,615,550)
Cash and Cash Equivalents - Beginning of Year	5,816,209
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 200,659
SUPPLEMENTAL NONCASH INVESTING ACTIVITIES	
Disposal of property and equipment that is fully depreciated	$ 62,735

See Accompanying Notes to Financial Statements.

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, which include:

Senior Companion Program – Volunteer opportunity for adults age 55 and over who provide individualized support to Meals on Wheels clients to combat isolation and loneliness.

Elder Friends – Volunteers over the age of 21 who provide a few hours a week of companionship to Meals on Wheels clients. They are screened, trained and supported in one-to-one relationships based on common interests. This program combats isolation and loneliness among seniors.

AniMeals – Distributes pet food for the animal companions of homebound seniors.

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. Temporarily restricted cash and cash equivalents are limited in use to the payment of costs for MOW programs. Temporarily restricted cash and cash equivalents totaled $16,729 at June 30, 2018.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Promises to Give

Unconditional promises to give are recorded at net realizable value. 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, 2018. 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, 2018.

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.

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:

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions and/or the passage of time.

Contributions restricted by donors are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions. The restrictions stipulate that resources be maintained permanently but permit the expenditure of income generated in accordance with the provisions of the agreements. There were no permanently restricted net assets at June 30, 2018.

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. No significant contributions of such services were received during the year ended June 30, 2018.

Donated Facilities

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred and totaled $56,892 during the year ended June 30, 2018.

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. Accordingly, directly identifiable expenses are charged to program and supporting services and certain costs have been allocated among the programs and supporting services benefited.

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.

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 mutual 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through October 22, 2018, the date the financial statements were available to be issued.

NOTE 2 ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following at June 30, 2018:

Amounts due from Government Agencies for Home Delivered Meals	$	721,192
Amounts due from Grace Place Clients for services rendered		85,517
Subtotal		806,709
Less Allowance for Doubtful Accounts		(2,424)
Total Accounts Receivable, Net	$	804,285

NOTE 3 PROMISES TO GIVE

Unconditional

Unconditional promises to give are estimated to be collected as follows at June 30, 2018:

Within One Year	$	310,000
In One to Five Years		60,000
Total	$	370,000

Conditional

MOWSA was named as a beneficiary of an estate during the year ended June 30, 2018. Due to the uncertain value of the estate, MOWSA has not recognized an asset or contribution revenue.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018:

Building and Improvements	$	2,980,912
Vehicles		1,066,457
Furniture and Fixtures		594,669
Total		4,642,038
Less Accumulated Depreciation		(2,190,166)
Total		2,451,872
Land		1,096,306
Construction in Progress		3,250
Property and Equipment, Net	$	3,551,428

Depreciation expense totaled $250,426 for the year ended June 30, 2018.

NOTE 5 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:

	Fair Value	Cost
Bond Mutual Funds	$ 3,962,939	$ 4,113,792
U.S. Government Securities	405,844	405,936
Equities Mutual Funds	6,165	2,769
Total	$ 4,374,948	$ 4,522,497

Investment return from these investments is summarized as follows for the year ended June 30, 2018:

Interest and Dividends	$ 114,645
Net Realized Gains	8,536
Net Unrealized Losses	(150,603)
Less: Investment Management and Custodial Fees	(9,277)
Total Investment Return	$ (36,699)

NOTE 6 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:

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.

NOTE 6 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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 equities 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.

Government securities are valued using pricing models maximizing the use of observable inputs for similar securities and are classified within Level 2 of the valuation hierarchy.

The following table presents assets measured at fair value on a recurring basis at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Bond Mutual Funds	$ 3,962,939	$ -	$ -	$ 3,962,939
U.S. Government Securities	-	405,844	-	405,844
Equities Mutual Funds	6,165	-	-	6,165
Total	$ 3,969,104	$ 405,844	$ -	$ 4,374,948

NOTE 7 LINE OF CREDIT

MOWSA has a $500,000 revolving line of credit with a bank that is secured by a deed of trust. Borrowings under the line of credit bear interest at a rate of 4.25%. Interest is paid on a monthly basis. The principal and accrued interest are due at maturity (June 1, 2019). There was no outstanding balance on the line of credit at June 30, 2018 and there was no interest expense for the year ended June 30, 2018.

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 consist of:

Restricted by Donors for:		
AniMeals	$	6,729
Time Restrictions:		
2019 Special Events		10,000
2019 Meals on Wheels Program		419,736
Promises to Give, the Proceeds from which have been		
Restricted by Donors for:		
2019 Meals on Wheels Program		300,000
2020 Meals on Wheels Program		50,000
2019 Special Events		10,000
2020 Special Events		10,000
Total Temporarily Restricted Net Assets	$	806,465

Net assets were released from restrictions as follows during the year ended June 30, 2018:

Satisfacton of Purpose Restrictions:		
AniMeals	$	11,944
Equipment Fund		37,790
Grace Place Scholarships		20,589
Meals on Wheels Program		30,000
Home Modifications for Meals On Wheels Clients		40,000
Vehicle Repairs		5,000
Expirations of Time Restrictions		434,435
Total Releases from Restrictions	$	579,758

NOTE 9 RETIREMENT PLAN

MOWSA sponsors a 403(b) plan for all qualified employees. Prior to August 1, 2017, employees were eligible to participate as of the first day of the month following their employment and MOWSA matched 50% of employee contributions. Effective August 1, 2017, 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 $121,399 for the year ended June 30, 2018.

NOTE 10 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:

Year Ending June 30,	Amount
2019	$ 52,753
2020	19,873
2021	17,046
2022	16,776
2023	4,127
Total	$ 110,575

Rent expense under these operating leases totaled $58,898 for the year ended June 30, 2018.

NOTE 11 IN-KIND CONTRIBUTIONS

MOWSA received donated use of facilities and donated goods as follows during the year ended June 30, 2018:

	Program Services	Management and General	Fundraising and Development	Total
Occupancy	$ 21,012	$ -	$ -	$ 21,012
Food and Kitchen Supplies	34,339	-	-	34,339
Total	$ 55,351	$ -	$ -	$ 55,351

During the year, MOWSA received a donated vehicle valued at $28,874. The vehicle was capitalized.

NOTE 12 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 $43,976 at June 30, 2018 and is not included in the accompanying statement of financial position. Contributions paid to UST during the year ended June 30, 2018 totaled $2,600 and are included in the accompanying statement of activities.

NOTE 13 ECONOMIC DEPENDENCY AND CONCENTRATIONS

MOWSA purchased food items costing $1,340,265 from one vendor during the year ended June 30, 2018. This represents 91% of total food purchased for the year ended June 30, 2018. At June 30, 2018, 32% 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, 2018, two donors accounted for 100% of total promises to give and three customers accounted for 77% of total accounts receivable. Two grantors accounted for approximately 58% of total fees and grants from government agencies for the year ended June 30, 2018. It is always considered reasonably possible that contributors or grantors might be lost in the near term.

NOTE 14 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.