

Fort Bend Seniors Meals on Wheels

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2018 and 2017

Fort Bend Seniors Meals on Wheels

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position as of December 31, 2018 and 2017	3
Statement of Activities for the year ended December 31, 2018	4
Statement of Activities for the year ended December 31, 2017	5
Statement of Functional Expenses for the year ended December 31, 2018	6
Statement of Functional Expenses for the year ended December 31, 2017	7
Statements of Cash Flows for the years ended December 31, 2018 and 2017	8
Notes to Financial Statements for the years ended December 31, 2018 and 2017	9

Independent Auditors' Report

To the Board of Directors of
Fort Bend Seniors Meals on Wheels:

Report on the Financial Statements

We have audited the accompanying financial statements of Fort Bend Seniors Meals on Wheels, which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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. Those standards require that we plan and perform our audits 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 Fort Bend Seniors Meals on Wheels as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, Fort Bend Seniors Meals on Wheels adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements as of and for the year ended December 31, 2017, except that certain information has been omitted as permitted by the ASU. Our opinion is not modified with respect to this matter.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019 on our consideration of Fort Bend Seniors Meals on Wheels' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fort Bend Seniors Meals on Wheels' 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 Fort Bend Seniors Meals on Wheels' internal control over financial reporting and compliance.

Blazek & Vetterling

May 30, 2019

Fort Bend Seniors Meals on Wheels

Statements of Financial Position as of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 329,570	\$ 613,697
Government awards receivable	256,947	198,321
Contributions receivable for operations (Note 4):		
United Way allocation	369,926	389,395
Other	195,742	43,622
Prepaid expenses	17,925	25,794
Certificates of deposit	619,175	612,898
Contributions receivable for debt retirement, net (Note 4)	580,892	681,944
Property and equipment, net (Note 5)	<u>1,556,268</u>	<u>1,725,810</u>
TOTAL ASSETS	<u>\$ 3,926,445</u>	<u>\$ 4,291,481</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 148,512	\$ 132,818
Accrued salaries and benefits	34,119	18,790
Deferred revenue		20,416
Accrued interest on note payable		47,901
Note payable to Fort Bend County (Note 6)	<u>618,753</u>	<u>718,753</u>
Total liabilities	<u>801,384</u>	<u>938,678</u>
Commitments (Note 9)		
Net assets:		
Without donor restrictions (Note 7)	2,462,422	2,709,156
With donor restrictions (Note 8)	<u>662,639</u>	<u>643,647</u>
Total net assets	<u>3,125,061</u>	<u>3,352,803</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,926,445</u>	<u>\$ 4,291,481</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Activities for the year ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Government awards (<i>Note 9</i>)	\$ 1,511,601		\$ 1,511,601
Contributions	419,673	\$ 525,161	944,834
United Way allocation	12,723	369,926	382,649
In-kind contributions	432,122		432,122
Special events	68,408		68,408
Direct donor benefit costs of special events	(25,137)		(25,137)
Other income	9,317		9,317
	<u>2,428,707</u>	<u>895,087</u>	<u>3,323,794</u>
Net assets released from restrictions:			
Expiration of time restrictions	389,393	(389,393)	
Program expenditures	450,806	(450,806)	
Capital campaign expansion expenditures	35,896	(35,896)	
	<u>3,304,802</u>	<u>18,992</u>	<u>3,323,794</u>
EXPENSES:			
Program services:			
Meals on Wheels	1,806,943		1,806,943
Senior centers	727,717		727,717
Transportation services	253,302		253,302
	<u>2,787,962</u>		<u>2,787,962</u>
Management and general	450,757		450,757
Fundraising	312,817		312,817
	<u>3,551,536</u>		<u>3,551,536</u>
CHANGES IN NET ASSETS	(246,734)	18,992	(227,742)
Net assets, beginning of year	<u>2,709,156</u>	<u>643,647</u>	<u>3,352,803</u>
Net assets, end of year	<u>\$ 2,462,422</u>	<u>\$ 662,639</u>	<u>\$ 3,125,061</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Activities for the year ended December 31, 2017

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Government awards (<i>Note 9</i>)	\$ 1,330,884		\$ 1,330,884
Contributions	421,516	\$ 503,490	925,006
Capital campaign contributions		66,497	66,497
United Way allocation	15,948	389,393	405,341
In-kind contributions	334,485		334,485
Other income	<u>9,181</u>		<u>9,181</u>
Total revenue	2,112,014	959,380	3,071,394
Net assets released from restrictions:			
Expiration of time restrictions	427,342	(427,342)	
Program expenditures	422,861	(422,861)	
Capital campaign expansion expenditures	<u>312,917</u>	<u>(312,917)</u>	
Total	<u>3,275,134</u>	<u>(203,740)</u>	<u>3,071,394</u>
EXPENSES:			
Program services:			
Meals on Wheels	1,632,169		1,632,169
Senior centers	735,601		735,601
Transportation services	<u>265,754</u>		<u>265,754</u>
Total program services	2,633,524		2,633,524
Management and general	399,950		399,950
Fundraising	<u>311,766</u>		<u>311,766</u>
Total expenses	<u>3,345,240</u>		<u>3,345,240</u>
CHANGES IN NET ASSETS	(70,106)	(203,740)	(273,846)
Net assets, beginning of year (<i>Note 2</i>)	<u>2,779,262</u>	<u>847,387</u>	<u>3,626,649</u>
Net assets, end of year	<u>\$ 2,709,156</u>	<u>\$ 643,647</u>	<u>\$ 3,352,803</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Functional Expenses for the year ended December 31, 2018

	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Food	\$ 978,902	\$ 259,531				\$ 1,238,433
Salaries and related expenses	518,900	153,888	\$ 22,999	\$ 283,393	\$ 189,806	1,168,986
Occupancy	34,812	219,812	16	3,908	344	258,892
Transportation			226,785			226,785
Depreciation	102,282	19,544	2,025	36,873	20,170	180,894
Professional fees and contract services	16,088	2,572	203	84,247	14,148	117,258
Supplies	8,515	4,645	138	7,837	62,459	83,594
Travel	47,404	6,710	87	6,639	2,713	63,553
Rental and maintenance of equipment	38,422	1,485	172	2,887	1,694	44,660
Insurance	26,781	2,827	408	6,083	2,413	38,512
Communications	8,721	5,060	212	4,225	2,493	20,711
Interest	7,406	1,566	186	3,327	1,844	14,329
Postage and shipping	10,758	16	2	233	1,385	12,394
Conferences and meetings	886	222		1,159	3,454	5,721
Membership dues	1,372	40	5	1,837	974	4,228
Printing and publishing	818	78		613	1,963	3,472
Other	4,876	49,721	64	7,496	6,957	69,114
Total expenses	<u>\$ 1,806,943</u>	<u>\$ 727,717</u>	<u>\$ 253,302</u>	<u>\$ 450,757</u>	<u>\$ 312,817</u>	3,551,536
Direct donor benefit costs of special events						<u>25,137</u>
Total						<u>\$ 3,576,673</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statement of Functional Expenses for the year ended December 31, 2017

	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Food	\$ 822,913	\$ 230,216				\$ 1,053,129
Salaries and related expenses	490,688	197,768	\$ 21,383	\$ 279,320	\$ 151,915	1,141,074
Occupancy	35,039	200,449		6,729	154	242,371
Transportation			239,270			239,270
Depreciation	94,922	20,298	2,001	36,694	20,071	173,986
Professional fees and contract services	38,647	18,028	1,587	31,114	48,765	138,141
Supplies	8,349	3,042	165	5,610	66,245	83,411
Travel	40,066	5,056	12	9,444	3,356	57,934
Rental and maintenance of equipment	37,467	1,299	182	2,829	1,394	43,171
Insurance	23,968	3,227	499	5,865	2,297	35,856
Communications	10,095	4,449	266	3,933	2,969	21,712
Interest	11,315	2,392	285	5,082	2,917	21,991
Postage and shipping	5,165	123	2	299	1,195	6,784
Conferences and meetings	3,453	999		1,502	392	6,346
Membership dues	1,366	46	8	1,926	552	3,898
Printing and publishing	734	76		1,125	3,212	5,147
Other	7,982	48,133	94	8,478	6,332	71,019
Total expenses	<u>\$ 1,632,169</u>	<u>\$ 735,601</u>	<u>\$ 265,754</u>	<u>\$ 399,950</u>	<u>\$ 311,766</u>	<u>\$ 3,345,240</u>

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Statements of Cash Flows for the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (227,742)	\$ (273,846)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Capital campaign contributions	(11,448)	(66,497)
Depreciation	180,894	173,986
Changes in operating assets and liabilities:		
Government awards receivable	(58,626)	(2,788)
Contributions receivable for operations	(132,651)	77,987
Prepaid expenses	7,869	(5,097)
Accounts payable and accrued interest on note payable	(32,207)	19,073
Accrued salaries and benefits	15,329	1,344
Deferred revenue	<u>(20,416)</u>	<u>2,332</u>
Net cash used by operating activities	<u>(278,998)</u>	<u>(73,506)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in certificates of deposit	(6,277)	198,517
Purchase of property and equipment and capitalized interest	<u>(11,352)</u>	<u>(109,201)</u>
Net cash provided (used) by investing activities	<u>(17,629)</u>	<u>89,316</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from capital campaign contributions	112,500	127,844
Repayment of note payable to Fort Bend County	<u>(100,000)</u>	<u>(702,533)</u>
Net cash provided (used) by financing activities	<u>12,500</u>	<u>(574,689)</u>
NET CHANGE IN CASH	(284,127)	(558,879)
Cash, beginning of year	<u>613,697</u>	<u>1,172,576</u>
Cash, end of year	<u>\$ 329,570</u>	<u>\$ 613,697</u>
<i>Supplemental disclosure of cash flow information:</i>		
Interest paid		\$11,000
Construction financed by Fort Bend County		\$18,753

See accompanying notes to financial statements.

Fort Bend Seniors Meals on Wheels

Notes to Financial Statements for the years ended December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Fort Bend Seniors Meals on Wheels & Much, Much More!, d.b.a. Fort Bend Seniors Meals on Wheels (Fort Bend Seniors) was organized as a Texas nonprofit corporation in 1976, and is located in Rosenberg, Texas. Fort Bend Seniors provides delivered meals through its Meals on Wheels program and also serves nutritious meals to senior citizens at twelve centers throughout Fort Bend and Waller counties. These programs are supported by government contracts and contributions.

Federal income tax status – Fort Bend Seniors is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected after one year are discounted to estimate the present value of future cash flows.

Allowance for uncollectible government awards and contributions receivable – An allowance for government awards and contributions receivable is provided when it is believed balances may not be collected in full based on historical experience and analysis of individual balances. It is possible that management’s estimate regarding the collectability of the balances will change in the near term resulting in a change in the carrying value of these receivables.

Certificates of deposit are non-negotiable, bank time deposits reported at face value plus accrued interest.

Property and equipment are reported at cost if purchased and at estimated fair value at the date of gift if donated. Property and equipment purchases over \$500 are capitalized. Depreciation is calculated on a straight-line basis over estimated useful lives of 5 to 15 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Government awards revenue is recognized in the period in which the related services are provided. Revenue received in advance is reported as deferred revenue.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

Contributed materials, use of facilities and services are recognized as revenue at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used or when the service is provided. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In 2018 and 2017, Fort Bend Seniors received approximately \$250,000 and \$235,000, respectively, in contributed facility rent for various locations that is reflected as program service expense. In 2018 and 2017, Fort Bend Seniors recognized approximately \$115,000 and \$89,000, respectively, in contributed transportation services from Fort Bend County (the County) that are reflected as program service expense.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Special events revenue is recognized when the event occurs. Amounts received in advance are reported as deferred revenue. Direct donor benefit costs represent the expenses recognized for food, beverages, facility rental, entertainment, and decorations.

Functional allocation of expenses – Expenses are reported by their functional classification as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation, interest, and occupancy costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue recognition and the financial statement disclosures related to such transactions. Fort Bend Seniors is required to apply the amendments in its fiscal year 2019 financial statements. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. Management does not expect adoption of the ASU to significantly affect the financial statements.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

Fort Bend Seniors adopted the amendments of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. These amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2017, except that information regarding liquidity and availability of resources has been omitted as permitted by the ASU. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2018 presentation but had no impact on total net assets or total changes in net assets for 2017.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 comprise the following:

Financial assets at December 31, 2018:	
Cash	\$ 329,570
Government awards receivable	256,947
Certificates of deposit	619,175
Contributions receivable	<u>1,146,560</u>
Total financial assets	2,352,252
Less financial assets not available for general expenditure:	
Contributions receivable not collectible in 2019	(530,000)
Board-designated for emergency reserve fund	<u>(400,000)</u>
Total financial assets available for general expenditure	<u>\$ 1,422,252</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Fort Bend Seniors considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

Fort Bend Seniors is substantially supported by government awards and contributions, and regularly monitors liquidity required to meet its operating needs while striving to maximize the interest income of available funds. As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Fort Bend Seniors' Board of Directors has designated a portion of its resources without donor restrictions as board-designated for emergency reserves. Although Fort Bend Seniors does not intend to spend from the board-designated funds, amounts from the board-designated funds could be made available if necessary. These funds are invested in certificates of deposit with a term of six months. Additionally, to manage unanticipated liquidity needs, Fort Bend Seniors has a committed line of credit of \$600,000, available through a financial institution.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

In 2014, Fort Bend Seniors initiated a capital campaign, *A New Era of Serving Our Seniors*, to raise \$3 million for renovation of the Bud O'Shieles Community Center, construction of a new administrative

building and a dedicated kitchen for Meals on Wheels, and for expansion of programs. The capital campaign ended in October 2017.

Contributions receivable are as follows:

	<u>2018</u>	<u>2017</u>
Contributions receivable for capital campaign	\$ 612,500	\$ 725,000
Contributions receivable for operations	<u>565,668</u>	<u>433,017</u>
Total	1,178,168	1,158,017
Discount to net present value at approximately 2%	<u>(31,608)</u>	<u>(43,056)</u>
Contributions receivable, net	<u>\$ 1,146,560</u>	<u>\$ 1,114,961</u>

Contributions receivable at December 31, 2018 are expected to be collected as follows:

2019	\$ 648,168
2020	130,000
2021	100,000
2022	100,000
2023	100,000
Thereafter	<u>100,000</u>
Total contributions receivable	<u>\$ 1,178,168</u>

Concentration – In fiscal year 2017, \$175,000 or approximately 18% of contributions, excluding the United Way allocation, was from one donor. At December 31, 2018, approximately 87% of contributions receivable were due from two donors. At December 31, 2017, approximately 94% of contributions receivable were due from two donors.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Vehicles	\$ 270,466	\$ 267,208
Furniture and equipment	260,083	307,091
Leasehold improvement	<u>1,669,105</u>	<u>1,669,105</u>
Total property and equipment, at cost	2,199,654	2,243,404
Accumulated depreciation	<u>(643,386)</u>	<u>(517,594)</u>
Property and equipment, net	<u>\$ 1,556,268</u>	<u>\$ 1,725,810</u>

NOTE 6 – OCCUPANCY AGREEMENT

In December 2013, Fort Bend Seniors entered into an occupancy agreement with the County for the Bud O’Shieles Community Center. The lease term is 10 years with an option to renew for an additional 15 years. Fort Bend Seniors pays annual rent to the County of \$1 and recognizes in-kind contributions of approximately \$36,000 for the Bud O’Shieles Community Center and pays rent of \$1,200 for the administration building. The lease agreement is cancelable by either party with 36 months’ notice. Additionally, the County provided up to \$1,500,000 in a bridge loan to construct an administration building and a kitchen expansion at an interest rate of 2% due in full by December 31, 2023. The outstanding balance on the loan was \$618,753 at December 31, 2018 and \$718,753 at December 31, 2017. Interest expense of approximately \$14,000 and \$21,990 was recognized in fiscal years 2018 and 2017, respectively.

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 1,124,907	\$ 1,102,099
Board-designated for emergency reserve fund	400,000	600,000
Invested in property and equipment, net of related debt	<u>937,515</u>	<u>1,007,057</u>
Total net assets without donor restrictions	<u>\$ 2,462,422</u>	<u>\$ 2,709,156</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Meals on Wheels program	\$ 218,583	\$ 66,455
Waller County meal programs	40,000	40,000
Disaster relief	15,000	95,529
Capital campaign expansion	13,000	48,896
Other	<u>6,130</u>	<u>3,374</u>
Total subject to expenditure for specified purpose	<u>292,713</u>	<u>254,254</u>
Subject to passage of time:		
Contributions receivable that are not otherwise restricted by donors, but which are unavailable for expenditure until due	<u>369,926</u>	<u>389,393</u>
Total net assets with donor restrictions	<u>\$ 662,639</u>	<u>\$ 643,647</u>

NOTE 9 – GOVERNMENT AWARDS AND COMMITMENTS

Fort Bend Seniors is party to agreements with government agencies. Should these agreements not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of significant government revenue recognized are comprised of the following:

	<u>2018</u>	<u>2017</u>
Federal government awards:		
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 883,711	\$ 845,662
Passed through other local government agencies	55,390	36,660
U. S. Department of Housing and Urban Development:		
Passed through Fort Bend County	77,053	64,614
U. S. Department of Homeland Security	<u>94,654</u>	<u>55,335</u>
Total federal government awards	<u>1,110,808</u>	<u>1,002,271</u>
State government awards:		
Texas Department of Agriculture	240,871	263,573
Texas Veterans Commission	<u>159,922</u>	<u>65,040</u>
Total state government awards	<u>400,793</u>	<u>328,613</u>
Total government awards	<u>\$ 1,511,601</u>	<u>\$ 1,330,884</u>

Government awards require fulfillment of certain conditions as set forth in the agreements and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by Fort Bend Seniors with the terms of the agreements. Management believes such disallowances, if any, would not be material to Fort Bend Seniors' financial position or changes in net assets.

In May 2019, Fort Bend Seniors entered into a \$600,000 unsecured line of credit agreement with a financial institution which matures on May 29, 2020, with an interest rate of 5.5%.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 30, 2019, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events other than as disclosed in Note 9, were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
