

**Fort Bend Seniors**

Financial Statements  
and Single Audit Reports  
for the year ended December 31, 2019

# Fort Bend Seniors

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## Independent Auditors' Report

To the Board of Directors of  
Fort Bend Seniors:

### Report on the Financial Statements

We have audited the accompanying financial statements of Fort Bend Seniors, which comprise the statements of financial position as of December 31, 2019 and 2018 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 as of December 31, 2019 and 2018 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.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in the schedule of expenditures of federal awards for the year ended December 31, 2019 as required by Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Report Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020 on our consideration of Fort Bend Seniors' 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' 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' internal control over financial reporting and compliance.

*Blazek & Vetterling*

October 8, 2020

## Fort Bend Seniors

Statements of Financial Position as of December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 500,295	\$ 329,570
Contributions receivable for operations (Note 4):		
Government grant	205,131	256,947
United Way allocation	351,429	369,926
Other	114,000	195,742
Prepaid expenses	6,397	17,925
Certificates of deposit	626,589	619,175
Contributions receivable for debt retirement, net (Note 4)	479,207	580,892
Property and equipment, net (Note 5)	<u>1,407,012</u>	<u>1,556,268</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,690,060</u></b>	<b><u>\$ 3,926,445</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 130,622	\$ 148,512
Accrued salaries and benefits	25,928	34,119
Refundable advances	11,927	
Note payable to Fort Bend County (Note 6)	<u>518,753</u>	<u>618,753</u>
Total liabilities	<u>687,230</u>	<u>801,384</u>
Net assets:		
Without donor restrictions (Note 7)	2,461,427	2,462,422
With donor restrictions (Note 8)	<u>541,403</u>	<u>662,639</u>
Total net assets	<u>3,002,830</u>	<u>3,125,061</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,690,060</u></b>	<b><u>\$ 3,926,445</u></b>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors

Statement of Activities for the year ended December 31, 2019

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grant <i>(Note 9)</i>		\$ 1,496,278	\$ 1,496,278
United Way allocation	\$ 3,574	351,429	355,003
In-kind contributions	472,020		472,020
Other	723,042	361,114	1,084,156
Special events	62,773		62,773
Direct donor benefit costs of special events	(11,326)		(11,326)
Other income	<u>10,162</u>		<u>10,162</u>
Total revenue	1,260,245	2,208,821	3,469,066
Net assets released from restrictions:			
Program expenditures	1,947,131	(1,947,131)	
Expiration of time restrictions	369,926	(369,926)	
Capital campaign expansion expenditures	<u>13,000</u>	<u>(13,000)</u>	
Total	<u>3,590,302</u>	<u>(121,236)</u>	<u>3,469,066</u>
EXPENSES:			
Program services:			
Meals on Wheels	1,782,825		1,782,825
Senior centers	752,381		752,381
Transportation services	<u>257,852</u>		<u>257,852</u>
Total program services	2,793,058		2,793,058
Management and general	477,626		477,626
Fundraising	<u>320,613</u>		<u>320,613</u>
Total expenses	<u>3,591,297</u>		<u>3,591,297</u>
CHANGES IN NET ASSETS	(995)	(121,236)	(122,231)
Net assets, beginning of year	<u>2,462,422</u>	<u>662,639</u>	<u>3,125,061</u>
Net assets, end of year	<u>\$ 2,461,427</u>	<u>\$ 541,403</u>	<u>\$ 3,002,830</u>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors

Statement of Activities for the year ended December 31, 2018

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grant ( <i>Note 9</i> )		\$ 1,511,601	\$ 1,511,601
United Way allocation	\$ 12,723	369,926	382,649
In-kind contributions	432,122		432,122
Other	419,673	525,161	944,834
Special events	68,408		68,408
Direct donor benefit costs of special events	(25,137)		(25,137)
Other income	9,317		9,317
Total revenue	<u>917,106</u>	<u>2,406,688</u>	<u>3,323,794</u>
Net assets released from restrictions:			
Program expenditures	1,962,407	(1,962,407)	
Expiration of time restrictions	389,393	(389,393)	
Capital campaign expansion expenditures	<u>35,896</u>	<u>(35,896)</u>	
Total	<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	<u>253,302</u>		<u>253,302</u>
Total program services	2,787,962		2,787,962
Management and general	450,757		450,757
Fundraising	<u>312,817</u>		<u>312,817</u>
Total expenses	<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.*

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## Fort Bend Seniors

### Statement of Functional Expenses for the year ended December 31, 2019

	MEALS ON WHEELS	SENIOR CENTERS	TRANSPORTATION SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Food	\$ 1,035,783	\$ 280,445				\$ 1,316,228
Salaries and related expenses	476,127	165,621	\$ 24,414	\$ 261,834	\$ 209,847	1,137,843
Occupancy	37,068	235,851	16	1,960	568	275,463
Transportation			230,094			230,094
Depreciation	102,462	18,732	2,018	38,173	20,082	181,467
Professional fees and contract services	12,079	1,351	249	135,609	9,479	158,767
Supplies	4,058	2,971	72	2,455	65,433	74,989
Insurance	27,746	2,973	414	11,962	2,146	45,241
Travel	30,768	5,806	16	3,976	409	40,975
Rental and maintenance of equipment	26,913	1,593	121	2,376	1,544	32,547
Communications	8,235	4,796	209	7,190	2,383	22,813
Postage and shipping	10,856	90	3	602	1,375	12,926
Interest	5,770	1,220	144	2,592	1,437	11,163
Membership dues	1,363	44	6	2,013	906	4,332
Printing and publishing	874	99		366	804	2,143
Conferences and meetings	291	363		298	101	1,053
Other	2,432	30,426	76	6,220	4,099	43,253
Total expenses	<u>\$ 1,782,825</u>	<u>\$ 752,381</u>	<u>\$ 257,852</u>	<u>\$ 477,626</u>	<u>\$ 320,613</u>	3,591,297
Direct donor benefit costs of special events						<u>11,326</u>
Total						<u>\$ 3,602,623</u>

*See accompanying notes to financial statements.*

## Fort Bend Seniors

### 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
Insurance	26,781	2,827	408	6,083	2,413	38,512
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
Communications	8,721	5,060	212	4,225	2,493	20,711
Postage and shipping	10,758	16	2	233	1,385	12,394
Interest	7,406	1,566	186	3,327	1,844	14,329
Membership dues	1,372	40	5	1,837	974	4,228
Printing and publishing	818	78		613	1,963	3,472
Conferences and meetings	886	222		1,159	3,454	5,721
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

### Statements of Cash Flows for the years ended December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (122,231)	\$ (227,742)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Capital campaign debt-retirement contributions	(10,815)	(11,448)
Depreciation	181,467	180,894
Changes in operating assets and liabilities:		
Contributions receivable	152,055	(191,277)
Prepaid expenses	11,528	7,869
Accounts payable	(17,890)	(32,207)
Accrued salaries and benefits	(8,191)	15,329
Refundable advances	<u>11,927</u>	<u>(20,416)</u>
Net cash provided (used) by operating activities	<u>197,850</u>	<u>(278,998)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net change in certificates of deposit	(7,414)	(6,277)
Purchase of property and equipment	<u>(32,211)</u>	<u>(11,352)</u>
Net cash used by investing activities	<u>(39,625)</u>	<u>(17,629)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from capital campaign debt-retirement contributions	112,500	112,500
Repayment of note payable to Fort Bend County	<u>(100,000)</u>	<u>(100,000)</u>
Net cash provided by financing activities	<u>12,500</u>	<u>12,500</u>
<b>NET CHANGE IN CASH</b>	170,725	(284,127)
Cash, beginning of year	<u>329,570</u>	<u>613,697</u>
Cash, end of year	<u>\$ 500,295</u>	<u>\$ 329,570</u>

*See accompanying notes to financial statements.*

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## Fort Bend Seniors

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Fort Bend Seniors, Meals on Wheels & Much Much More, Inc., d.b.a. Fort Bend Meals on Wheels & Fort Bend Seniors (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. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises were received. Amortization of discounts is included in contribution revenue.

An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and a donor-by-donor analysis of balances.

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.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from a government agency or donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional grants and contributions are subject to one or more barriers that must be overcome before Fort Bend Seniors is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been substantially met. Funding received before conditions are met is reported as refundable advances.

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 2019 and 2018, Fort Bend Seniors received approximately \$268,000 and \$250,000, respectively, in contributed facility rent for various locations that is reflected as program service expense. In 2019 and 2018, Fort Bend Seniors recognized approximately \$159,000 and \$115,000, 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 the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Direct donor benefit costs represent the cost of goods and services provided to attendees of the special events. Amounts received in advance are reported as refundable advances.

Functional allocation of expenses – Expenses are reported by their functional classification. 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 more than one activity 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.

## **NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE**

Effective January 1, 2019, Fort Bend Seniors adopted the amendments of 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*. This guidance clarifies the distinction between contributions and exchange transactions and between conditional and unconditional contributions. These amendments have been applied on a retrospective basis effective January 1, 2018. Adoption of this ASU resulted in reclassification of previously reported activities to conform to the 2019 presentation but had no impact on total net assets or total changes in net assets for 2018.

### 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 comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 500,295	\$ 329,570
Certificates of deposit	626,589	619,175
Contributions receivable	<u>1,149,767</u>	<u>1,403,507</u>
Total financial assets	2,276,651	2,352,252
Less financial assets not available for general expenditure:		
Contributions receivable for debt retirement	(479,207)	(580,892)
Board-designated for emergency reserve fund	<u>(400,000)</u>	<u>(400,000)</u>
Total financial assets available for general expenditure	<u>\$ 1,397,444</u>	<u>\$ 1,371,360</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 activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. Capital expenditures and debt retirement are not considered general expenditures.

Fort Bend Seniors is substantially supported by government awards and other contributions, and regularly monitors liquidity required to meet its operating needs while striving to maximize the interest income of available funds. Management expects the conditional government grant contributions disclosed in Note 10 to be recognized within one year. Match requirements were removed by the donors subsequent to December 31, 2019 for the two foundation grants disclosed in Note 10 and those contributions will be recognized in 2020. Additionally, a \$215,000 Paycheck Protection Program Loan was obtained in March 2020 and management expects to meet the conditions of forgiveness.

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 become 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 fund, amounts from the board-designated fund could be made available if necessary. The fund is invested in certificates of deposit with a term of six months.

### NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are comprised of the following:

	<u>2019</u>	<u>2018</u>
Contributions receivable for operations	\$ 670,560	\$ 822,615
Contributions receivable for debt retirement	<u>500,000</u>	<u>612,500</u>
Total	1,170,560	1,435,115
Discount to net present value at approximately 2%	<u>(20,793)</u>	<u>(31,608)</u>
Contributions receivable, net	<u>\$ 1,149,767</u>	<u>\$ 1,403,507</u>

Contributions receivable at December 31, 2019 are expected to be collected as follows:

2020	\$ 770,560
2021	100,000
2022	100,000
2023	100,000
2024	<u>100,000</u>
Total contributions receivable	<u>\$ 1,170,560</u>

*Concentration* – At December 31, 2019, approximately 89% of contributions receivable were due from three donors. At December 31, 2018, approximately 87% of contributions receivable were due from two donors.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Vehicles	\$ 252,627	\$ 270,466
Furniture and equipment	261,468	260,083
Leasehold improvement	<u>1,669,105</u>	<u>1,669,105</u>
Total property and equipment, at cost	2,183,200	2,199,654
Accumulated depreciation	<u>(776,188)</u>	<u>(643,386)</u>
Property and equipment, net	<u>\$ 1,407,012</u>	<u>\$ 1,556,268</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 \$518,753 at December 31, 2019 and \$618,753 at December 31, 2018. Interest expense of approximately \$11,000 and \$14,000 was recognized in fiscal years 2019 and 2018, respectively.

**NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions consist of the following:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 1,173,168	\$ 1,124,907
Board-designated for emergency reserve fund	400,000	400,000
Invested in property and equipment, net of related debt	<u>888,259</u>	<u>937,515</u>
Total net assets without donor restrictions	<u>\$ 2,461,427</u>	<u>\$ 2,462,422</u>

## NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Meals on Wheels program	\$ 141,697	\$ 218,583
Waller County meal programs	40,000	40,000
Disaster relief	3,000	15,000
Capital campaign expansion		13,000
Other	<u>5,277</u>	<u>6,130</u>
Total subject to expenditure for specified purpose	<u>189,974</u>	<u>292,713</u>
Subject to passage of time:		
Contributions receivable that are not otherwise restricted by donors, but which are unavailable for expenditure until due	<u>351,429</u>	<u>369,926</u>
Total net assets with donor restrictions	<u>\$ 541,403</u>	<u>\$ 662,639</u>

## NOTE 9 – GOVERNMENT GRANTS

Fort Bend Seniors is a 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 include the following:

	<u>2019</u>	<u>2018</u>
Federal government grants:		
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 942,440	\$ 883,711
Passed through other local government agencies	43,386	55,390
U. S. Department of Housing and Urban Development:		
Passed through Fort Bend County	75,205	77,053
U. S. Department of Homeland Security	<u>68,396</u>	<u>94,654</u>
Total federal government grants	<u>1,129,427</u>	<u>1,110,808</u>
State government grants:		
Texas Department of Agriculture	255,261	240,871
Texas Veterans Commission	<u>111,590</u>	<u>159,922</u>
Total state government grants	<u>366,851</u>	<u>400,793</u>
Total government grants	<u>\$ 1,496,278</u>	<u>\$ 1,511,601</u>

Fort Bend Seniors receives grants from federal and state funding sources that require fulfillment of certain conditions as set forth in the grant contracts 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 contracts. Management believes such disallowances, if any, would not be material to Fort Bend Seniors' financial position or changes in net assets.

## **NOTE 10 – CONDITIONAL CONTRIBUTIONS**

At December 31, 2019, Fort Bend Seniors has approximately \$1,139,000 of conditional contributions from various government agencies, which have not been recognized in the accompanying financial statements because the conditions have not been met. Fort Bend Seniors will recognize these grants as qualifying grant expenditures are incurred and/or performance requirements are met.

At December 31, 2019, Fort Bend Seniors had two conditional matching foundation grants for which \$220,000 had not been recognized. The donors removed the matching requirements subsequent to year-end.

## **NOTE 11 – SUBSEQUENT EVENTS**

*COVID-19* – On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Fort Bend Seniors has cancelled its annual luncheon and an annual fundraiser event. Meals served under the Meals on Wheels program have increased as a result of an increase in demand. Stay-at-home orders have caused temporary closure of the senior centers and transportation services have been discontinued. The extent of the impact of COVID-19 on Fort Bend Seniors' operational and financial performance will depend on developments such as the duration and spread of the outbreak, impact on the local community, donors, employees, and vendors, all of which are uncertain and cannot be predicted. Therefore, while Fort Bend Seniors expects this matter to negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

*Paycheck Protection Program (PPP) Loan* – In April 2020, Fort Bend Seniors received a \$215,342 loan under the PPP, a part of the Coronavirus Aid, Relief and Economic Security (CARES) Act enacted in March 2020. The loan, maturing in two years, bears interest at 1%. The principal and interest on the loan may be wholly or partially forgiven if the proceeds of the loan are used for allowable expenses, primarily certain payroll and other costs not funded by other government grants.

Management has evaluated subsequent events through October 8, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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## Fort Bend Seniors

Schedule of Expenditures of Federal Awards for the year ended December 31, 2019

<u>FEDERAL GRANTOR</u>					<u>Allowable</u>
<u>Pass-through Grantor</u>		<u>CFDA</u>		<u>Award</u>	<u>Federal</u>
<u>Program Title &amp; Period</u>		<u>Number</u>	<u>Contract Number</u>	<u>Amount</u>	<u>Expenditures</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through Fort Bend County:					
Community Development Block Grants/Entitlement Grants					
(CDBG – Entitlement Grants Cluster)					
#1	07/18 – 06/19	14.218	B-18-MC-48-0040	\$10,200	\$ 10,200
#2	10/18 – 09/19	14.218	B-18-MC-48-0041	\$25,000	16,315
#3	01/19 – 12/19	14.218	B-19-UC-48-0004	\$55,000	45,000
#4	10/19 – 09/20	14.218	B-19-MC-48-0040	\$10,500	<u>3,690</u>
Total U. S. Department of Housing and Urban Development					<u>75,205</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Houston-Galveston Area Council:					
Special Programs for the Aging Title III, Part B – Grants for Supportive					
Services and Senior Centers (Aging Cluster)					
#5	10/18 – 09/19	93.044	18-00687	\$230,035	142,415
#6	10/19 – 09/20	93.044	19-01574	\$230,036	<u>47,750</u>
					<u>190,165</u>
Special Programs for the Aging Title III, Part C – Nutrition Services (Aging Cluster)					
#7	10/19 – 09/20	93.045	19-01574	\$657,198	179,835
#8	10/19 – 09/20	93.045	19-01574	\$60,028	15,582
#9	10/18 – 09/19	93.045	18-00687	\$669,880	510,970
#10	10/18 – 09/19	93.045	18-00688	\$63,246	<u>45,888</u>
					<u>752,275</u>
Total for Aging Cluster					<u>942,440</u>
Passed through Texas Department of Aging and Disability Services:					
Social Services Block Grant					
#11	10/18 – 09/19	93.667	170200	\$47,330	31,749
#12	10/19 – 09/20	93.667	170200	\$50,466	<u>11,637</u>
					<u>43,386</u>
Total U. S. Department of Health and Human Services					<u>985,826</u>

(continued)

**Fort Bend Seniors**

Schedule of Expenditures of Federal Awards for the year ended December 31, 2019 *(continued)*

<u>FEDERAL GRANTOR</u>				Allowable
<u>Pass-through Grantor</u>	CFDA		Award	Federal
<u>Program Title &amp; Period</u>	<u>Number</u>	<u>Contract Number</u>	<u>Amount</u>	<u>Expenditures</u>
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Coalition for the Homeless:				
Emergency Food and Shelter National Board Program				
#13	01/19 – 05/20	97.024	782800-008	\$57,438
#14	01/19 – 05/20	97.024	843200-005	\$22,885
				<u>47,178</u>
				<u>21,218</u>
Total U. S. Department of Homeland Security				<u>68,396</u>
TOTAL FEDERAL AWARDS				<u>\$ 1,129,427</u>

*See accompanying note to schedule of expenditures of federal awards.*

## Fort Bend Seniors

Note to Schedule of Expenditures of Federal Awards for the year ended December 31, 2019

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### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal expenditures include allowable costs funded by federal grants. Allowable costs are subject to the cost principles of the Uniform Guidance and include costs that are recognized as expenses in Fort Bend Seniors' financial statements in conformity with generally accepted accounting principles. Fort Bend Seniors has not elected to use the 10% de minimus cost rate for indirect costs and does not have subrecipients.

Because the schedule presents only a selected portion of the operations of Fort Bend Seniors, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fort Bend Seniors.

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**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***

To the Board of Directors of  
Fort Bend Seniors:

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 Fort Bend Seniors, which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report October 8, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Fort Bend Seniors' 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 Fort Bend Seniors' internal control. Accordingly, we do not express an opinion on the effectiveness of Fort Bend Seniors' internal control.

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Fort Bend Seniors' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fort Bend Seniors' 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.

*Blazek & Vetterling*

October 8, 2020

**Independent Auditors' Report on Compliance for Each Major  
Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

To the Board of Directors of  
Fort Bend Seniors:

**Report on Compliance for Each Major Federal Program**

We have audited Fort Bend Seniors' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fort Bend Seniors' major federal programs for the year ended December 31, 2019. Fort Bend Seniors' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Fort Bend Seniors' 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, Costs 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 Fort Bend Seniors' 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 Fort Bend Seniors' compliance.

***Opinion on Each Major Federal Program***

In our opinion, Fort Bend Seniors complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2019.

## Report on Internal Control Over Compliance

Management of Fort Bend Seniors 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 Fort Bend Seniors' 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 Fort Bend Seniors' 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.



October 8, 2020

## Fort Bend Seniors

Schedule of Findings and Questioned Costs for the year ended December 31, 2019

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### Section I – Summary of Auditors’ Results

#### Financial Statements

Type of auditors’ report issued:  unmodified  qualified  adverse  disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to the financial statements noted?  yes  no

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditors’ report issued on compliance for major programs:  unmodified  qualified  adverse  disclaimer

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>Aging Cluster:</u> 93.044	Special Programs for the Aging Title III, Part B – Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging Title III, Part C – Nutrition Services

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?  yes  no

### Section II – Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

### Section III – Federal Award Findings and Questioned Costs

There were no findings for federal awards required to be reported in accordance with 2 CFR §200.516(a).