

Fort Bend Seniors

Financial Statements
and Single Audit Reports
for the year ended December 31, 2020

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, 2020 and 2019 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, 2020 and 2019 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, 2020 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 August 31, 2021 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

August 31, 2021

Fort Bend Seniors

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,326,479	\$ 500,295
Contributions receivable for operations (<i>Note 3</i>):		
Government grant	486,739	205,131
United Way allocation	298,254	351,429
Other	58,000	114,000
Prepaid expenses	7,585	6,397
Food inventory	13,612	
Certificates of deposit	801,904	626,589
Contributions receivable designated for debt retirement, net (<i>Note 3</i>)	387,436	479,207
Property and equipment, net (<i>Note 4</i>)	<u>1,264,945</u>	<u>1,407,012</u>
TOTAL ASSETS	<u>\$ 4,644,954</u>	<u>\$ 3,690,060</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 141,301	\$ 130,622
Accrued salaries and benefits	59,868	25,928
Refundable advance – Government grant	18,178	11,927
Refundable advance – Paycheck Protection Program (<i>Note 2</i>)	216,911	
Note payable to Fort Bend County (<i>Note 5</i>)	<u>418,753</u>	<u>518,753</u>
Total liabilities	<u>855,011</u>	<u>687,230</u>
Contingencies (<i>Note 8</i>)		
Net assets:		
Without donor restrictions (<i>Note 6</i>)	3,406,934	2,461,427
With donor restrictions (<i>Note 7</i>)	<u>383,009</u>	<u>541,403</u>
Total net assets	<u>3,789,943</u>	<u>3,002,830</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,644,954</u>	<u>\$ 3,690,060</u>

See accompanying notes to financial statements.

Fort Bend Seniors

Statement of Activities for the year ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants (<i>Note 8</i>)	\$ 127,416	\$ 1,806,210	\$ 1,933,626
United Way allocation		298,254	298,254
In-kind contributions	234,518		234,518
Other	1,149,944	444,825	1,594,769
Other income	<u>11,969</u>	<u> </u>	<u>11,969</u>
Total revenue	1,523,847	2,549,289	4,073,136
Net assets released from restrictions:			
Program expenditures	2,356,254	(2,356,254)	
Expiration of time restrictions	<u>351,429</u>	<u>(351,429)</u>	<u> </u>
Total	<u>4,231,530</u>	<u>(158,394)</u>	<u>4,073,136</u>
EXPENSES:			
Program services:			
Meals on Wheels	1,815,312		1,815,312
Senior centers	667,891		667,891
Transportation services	<u>51,327</u>	<u> </u>	<u>51,327</u>
Total program services	2,534,530		2,534,530
Management and general	496,602		496,602
Fundraising	<u>254,891</u>	<u> </u>	<u>254,891</u>
Total expenses	<u>3,286,023</u>	<u> </u>	<u>3,286,023</u>
CHANGES IN NET ASSETS	945,507	(158,394)	787,113
Net assets, beginning of year	<u>2,461,427</u>	<u>541,403</u>	<u>3,002,830</u>
Net assets, end of year	<u>\$ 3,406,934</u>	<u>\$ 383,009</u>	<u>\$ 3,789,943</u>

See accompanying notes to financial statements.

Fort Bend Seniors

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants <i>(Note 8)</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.

Fort Bend Seniors

Statement of Functional Expenses for the year ended December 31, 2020

	<u>MEALS ON WHEELS</u>	<u>SENIOR CENTERS</u>	<u>TRANSPORTATION SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Food	\$ 1,067,242	\$ 385,245				\$ 1,452,487
Salaries and related expenses	439,771	156,505	\$ 5,071	\$ 230,947	\$ 137,693	969,987
Professional fees and contract services	14,555	711	60	188,395	7,973	211,694
Depreciation	105,307	20,101	2,018	38,385	20,154	185,965
Occupancy	67,020	74,859		279	154	142,312
Supplies	14,903	1,476		2,609	71,028	90,016
Transportation			43,733			43,733
Insurance	31,121	3,643	193	5,889	2,240	43,086
Rental and maintenance of equipment	30,144	2,177	17	1,915	1,096	35,349
Travel	16,293	7,882		1,446	342	25,963
Communications	8,517	2,653	91	3,608	2,484	17,353
Postage and shipping	11,302	3,069		770	1,821	16,962
Interest	4,599	1,001	87	3,635	1,145	10,467
Membership dues	1,938	44	6	2,239	506	4,733
Printing and publishing	455			447	697	1,599
Other	<u>2,145</u>	<u>8,525</u>	<u>51</u>	<u>16,038</u>	<u>7,558</u>	<u>34,317</u>
Total expenses	<u>\$ 1,815,312</u>	<u>\$ 667,891</u>	<u>\$ 51,327</u>	<u>\$ 496,602</u>	<u>\$ 254,891</u>	<u>\$ 3,286,023</u>

See accompanying notes to financial statements.

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
Professional fees and contract services	12,079	1,351	249	135,609	9,479	158,767
Depreciation	102,462	18,732	2,018	38,173	20,082	181,467
Occupancy	37,068	235,851	16	1,960	568	275,463
Supplies	4,058	2,971	72	2,455	65,433	74,989
Transportation			230,094			230,094
Insurance	27,746	2,973	414	11,962	2,146	45,241
Rental and maintenance of equipment	26,913	1,593	121	2,376	1,544	32,547
Travel	30,768	5,806	16	3,976	409	40,975
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
Other	<u>2,723</u>	<u>30,789</u>	<u>76</u>	<u>6,518</u>	<u>4,200</u>	<u>44,306</u>
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

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 787,113	\$ (122,231)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Capital campaign debt – retirement contributions	(8,229)	(10,815)
Depreciation	185,965	181,467
Changes in operating assets and liabilities:		
Contributions receivable	(172,433)	152,055
Prepaid expenses	(1,188)	11,528
Food inventory	(13,612)	
Accounts payable	10,679	(17,890)
Accrued salaries and benefits	33,940	(8,191)
Refundable advance – Government grant	6,251	11,927
Refundable advance – Paycheck Protection Program	<u>216,911</u>	<u> </u>
Net cash provided by operating activities	<u>1,045,397</u>	<u>197,850</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in certificates of deposit	(175,315)	(7,414)
Purchase of property and equipment	<u>(43,898)</u>	<u>(32,211)</u>
Net cash used by investing activities	<u>(219,213)</u>	<u>(39,625)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from capital campaign debt – retirement contributions	100,000	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>0</u>	<u>12,500</u>
NET CHANGE IN CASH	826,184	170,725
Cash, beginning of year	<u>500,295</u>	<u>329,570</u>
Cash, end of year	<u>\$ 1,326,479</u>	<u>\$ 500,295</u>

See accompanying notes to financial statements.

Fort Bend Seniors

Notes to Financial Statements for the years ended December 31, 2020 and 2019

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 helps seniors throughout Fort Bend and Waller Counties maintain their health and independence by providing home-delivered meals to homebound senior citizens through its Meals on Wheels program and also provides nutritious meals and activities at nine centers. 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.

Food inventory consists primarily of purchased shelf-stable and frozen food valued at the lower of cost or net realizable value determined by the first-in, first-out method.

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 a refundable advance.

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 2020 and 2019, Fort Bend Seniors received approximately \$141,000 and \$268,000, respectively, in contributed facility rent for various locations that is reflected as program service expense. In 2020 and 2019, Fort Bend Seniors recognized approximately \$33,000 and \$159,000, respectively, in contributed transportation services from Fort Bend County (the County) that are reflected as program service expense. In 2020, Fort Bend Seniors also received approximately \$50,000 of professional services that are reflected as management and general 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 a refundable advance.

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 – 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>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,326,479	\$ 500,295
Certificates of deposit	801,904	626,589
Contributions receivable	<u>1,230,429</u>	<u>1,149,767</u>
Total financial assets	3,358,812	2,276,651
Less financial assets not available for general expenditure:		
Contributions receivable designated for debt retirement	(387,436)	(479,207)
Board-designated for emergency reserve fund	<u>(400,000)</u>	<u>(400,000)</u>
Total financial assets available for general expenditure	<u>\$ 2,571,376</u>	<u>\$ 1,397,444</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.

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 a certificate of deposit with a term of three months.

The COVID-19 pandemic (pandemic) had a significant impact on Fort Bend Seniors. In mid-March 2020, all centers were temporarily closed to ensure the safety of Fort Bend Seniors' clients, staff and volunteers. As a result, Fort Bend Seniors did not have a need for donated transportation to and from the centers and donated facilities were not utilized; this resulted in a significant decrease in recognition of in-kind contributions. One physical location was utilized for both administration and meal distribution for the remainder of the year. Additionally, Fort Bend Seniors cancelled all special events for the remainder of the year.

However, the pandemic also brought about unprecedented new contributions arising from the federal government's passage of the CARES and Families First acts, other one-time emergency grants and an increased response from individual donors. These additional funds ensured that Fort Bend Seniors could continue to meet the needs of both existing clients and new senior citizens in the community.

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 3 to be recognized within one year. Additionally in April 2020, Fort Bend Seniors received an unsecured bank loan of approximately \$217,000 funded through the Small Business Administration's Paycheck Protection Program (PPP), which was forgiven in July 2021 and will be recognized as contribution revenue in 2021.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are comprised of the following:

	<u>2020</u>	<u>2019</u>
Contributions receivable for operations	\$ 842,993	\$ 670,560
Contributions receivable designated for debt retirement	<u>400,000</u>	<u>500,000</u>
Total	1,242,993	1,170,560
Discount to net present value at approximately 2%	<u>(12,564)</u>	<u>(20,793)</u>
Contributions receivable, net	<u>\$ 1,230,429</u>	<u>\$ 1,149,767</u>

Contributions receivable at December 31, 2020 are expected to be collected as follows:

2021	\$ 942,993
2022	100,000
2023	100,000
2024	<u>100,000</u>
Total contributions receivable	<u>\$ 1,242,993</u>

Concentration – At December 31, 2020, approximately 80% of contributions receivable were due from three donors. At December 31, 2019, approximately 89% of contributions receivable were due from three donors.

At December 31, 2020, Fort Bend Seniors has approximately \$1,987,000 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.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 247,179	\$ 252,627
Furniture and equipment	243,241	261,468
Leasehold improvement	<u>1,669,105</u>	<u>1,669,105</u>
Total property and equipment, at cost	2,159,525	2,183,200
Accumulated depreciation	<u>(894,580)</u>	<u>(776,188)</u>
Property and equipment, net	<u>\$ 1,264,945</u>	<u>\$ 1,407,012</u>

NOTE 5 – 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 \$64,000 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 \$418,753 at December 31, 2020 and \$518,753 at December 31, 2019. Interest expense of approximately \$9,000 and \$11,000 was recognized in fiscal years 2020 and 2019, respectively.

NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 2,160,742	\$ 1,173,168
Board-designated for emergency reserve fund	400,000	400,000
Invested in property and equipment, net of related debt	<u>846,192</u>	<u>888,259</u>
Total net assets without donor restrictions	<u>\$ 3,406,934</u>	<u>\$ 2,461,427</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Waller County meal programs	\$ 40,000	\$ 40,000
Meals on Wheels program	36,387	141,697
Disaster relief		3,000
Other	<u>8,368</u>	<u>5,277</u>
Total subject to expenditure for specified purpose	<u>84,755</u>	<u>189,974</u>
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	<u>298,254</u>	<u>351,429</u>
Total net assets with donor restrictions	<u>\$ 383,009</u>	<u>\$ 541,403</u>

NOTE 8 – 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>2020</u>	<u>2019</u>
Federal government grants:		
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 1,125,354	\$ 942,440
Passed through other local government agencies	56,222	43,386
U. S. Department of Housing and Urban Development:		
Passed through Fort Bend County	68,335	75,205
U. S. Department of Homeland Security	<u>54,571</u>	<u>68,396</u>
Total federal government grants	<u>1,304,482</u>	<u>1,129,427</u>
State and local government grants:		
Texas Department of Agriculture	338,261	255,261
Texas Veterans Commission	163,467	111,590
Fort Bend County grant	<u>127,416</u>	<u> </u>
Total state and local government grants	<u>629,144</u>	<u>366,851</u>
Total government grants	<u>\$ 1,933,626</u>	<u>\$ 1,496,278</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 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 31, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events other than forgiveness of the PPP loan as disclosed in Note 2, were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Fort Bend Seniors

Schedule of Expenditures of Federal Awards for the year ended December 31, 2020

<u>FEDERAL GRANTOR</u>	<u>Assistance</u>			<u>Award</u>	<u>Allowable</u>
<u>Pass-through Grantor</u>	<u>Listing</u>			<u>Amount</u>	<u>Federal</u>
<u>Program Title & Period</u>	<u>Number</u>	<u>Contract Number</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	10/19 – 09/20	14.218	B-19-MC-48-0040	\$10,500	\$ 6,810
#2	01/20 – 12/20	14.218	B-20-UC-48-0004	\$55,000	55,000
#3	10/20 – 09/21	14.218	B-20-MC-48-0040	\$15,746	<u>6,525</u>
Total U. S. Department of Housing and Urban Development					<u>68,335</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)					
#4	10/19 – 09/20	93.044	19-01574	\$230,036	<u>38,302</u>
Special Programs for the Aging Title III, Part C – Nutrition Services (Aging Cluster)					
#5	10/19 – 09/20	93.045	19-01574	\$790,800	487,756
#6	10/19 – 09/20	93.045	19-01574	\$69,887	35,122
#7	10/20 – 09/21	93.045	20-01454	\$904,460	89,373
#8	10/20 – 09/21	93.045	20-01456	\$94,210	<u>27,777</u>
					<u>640,028</u>
COVID-19 – Special Programs for the Aging Title III, Part C – Nutrition Services (Aging Cluster)					
#9	10/19 – 09/20	93.045	20-00735	\$459,715	230,454
#10	10/19 – 09/20	93.045	20-00737	\$32,903	32,898
#11	10/20 – 09/21	93.045	20-00888	\$206,788	172,662
#12	10/20 – 09/21	93.045	20-00886	\$31,094	<u>11,010</u>
					<u>447,024</u>
Total for Aging Cluster					<u>1,125,354</u>
Passed through Texas Department of Aging and Disability Services:					
Social Services Block Grant					
#13	10/19 – 09/20	93.667	170200	\$54,714	41,466
#14	10/20 – 09/21	93.667	170200	\$55,511	<u>14,756</u>
					<u>56,222</u>
Total U. S. Department of Health and Human Services					<u>1,181,576</u>

(continued)

Fort Bend Seniors

Schedule of Expenditures of Federal Awards for the year ended December 31, 2020 *(continued)*

<u>FEDERAL GRANTOR</u> <u>Pass-through Grantor</u> <u>Program Title & Period</u>	<u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Contract Number</u>	<u>Award</u> <u>Amount</u>	<u>Allowable</u> <u>Federal</u> <u>Expenditures</u>
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Coalition for the Homeless: Emergency Food and Shelter National Board Program Phase 36				
#15	01/19 – 05/20	97.024	782800-008	\$57,438
#16	01/19 – 05/20	97.024	843200-005	\$22,885
				<u>10,260</u>
				<u>1,667</u>
				<u>11,927</u>
Passed through Alliance of Community Assistance Ministries: Emergency Food and Shelter National Board Program Phase 37				
#17	05/20 – 05/21	97.024	782800-008	\$12,067
#18	05/20 – 05/21	97.024	843200-005	\$18,494
				<u>12,067</u>
				<u>5,583</u>
				<u>17,650</u>
Passed through Alliance of Community Assistance Ministries: COVID-19 – Emergency Food and Shelter National Board Program Phase CARES				
#19	01/20 – 05/21	97.024	782800-008	\$29,759
#20	01/20 – 05/21	97.024	843200-005	\$18,367
				<u>23,652</u>
				<u>1,342</u>
				<u>24,994</u>
Total U. S. Department of Homeland Security				<u>54,571</u>
TOTAL FEDERAL AWARDS				<u>\$ 1,304,482</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, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The schedule of expenditures of federal awards (the schedule) 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.

**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, 2020 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 August 31, 2021.

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) as a basis for designing 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 financial statements. 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

August 31, 2021

**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, 2020. 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 each of its major federal programs for the year ended December 31, 2020.

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.



August 31, 2021

Fort Bend Seniors

Schedule of Findings and Questioned Costs for the year ended December 31, 2020

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:

Assistance Listing Number

Name of Federal Program or Cluster

Aging Cluster:

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).