

Fort Bend Seniors

Financial Statements
and Single Audit Reports
for the year ended December 31, 2021

Fort Bend Seniors

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Independent Auditors' Report

To the Board of Directors of
Fort Bend Seniors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fort Bend Seniors, which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fort Bend Seniors as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Fort Bend Seniors and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Bend Seniors' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fort Bend Seniors' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Bend Seniors' ability to continue as a going concern for a reasonable period of time.

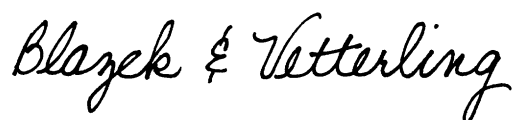
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, 2021 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 24, 2022 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.



August 24, 2022

Fort Bend Seniors

Statements of Financial Position as of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,639,937	\$ 1,326,479
Contributions receivable for operations (<i>Note 3</i>):		
Government grant	206,233	486,739
United Way allocation	339,097	298,254
Other	55,400	58,000
Prepaid expenses and other assets	42,615	7,585
Food inventory		13,612
Certificates of deposit	1,002,071	801,904
Contributions receivable designated for debt retirement, net (<i>Note 3</i>)	293,673	387,436
Property and equipment, net (<i>Note 4</i>)	<u>1,134,140</u>	<u>1,264,945</u>
TOTAL ASSETS	<u>\$ 4,713,166</u>	<u>\$ 4,644,954</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 165,706	\$ 141,301
Accrued salaries and benefits	27,224	59,868
Refundable advance – Government grant		18,178
Refundable advance – Paycheck Protection Program (<i>Note 8</i>)		216,911
Note payable to Fort Bend County (<i>Note 5</i>)	<u>318,753</u>	<u>418,753</u>
Total liabilities	<u>511,683</u>	<u>855,011</u>
Contingencies (<i>Note 8</i>)		
Net assets:		
Without donor restrictions (<i>Note 6</i>)	3,776,879	3,406,934
With donor restrictions (<i>Note 7</i>)	<u>424,604</u>	<u>383,009</u>
Total net assets	<u>4,201,483</u>	<u>3,789,943</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,713,166</u>	<u>\$ 4,644,954</u>

See accompanying notes to financial statements.

Fort Bend Seniors

Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants (Note 8)	\$ 122,548	\$ 1,681,245	\$ 1,803,793
United Way allocation		318,814	318,814
In-kind contributions (Note 9)	272,639		272,639
Other	913,683	366,033	1,279,716
Other income	<u>17,687</u>	<u> </u>	<u>17,687</u>
Total revenue	1,326,557	2,366,092	3,692,649
Net assets released from restrictions:			
Program expenditures	2,026,243	(2,026,243)	
Expiration of time restrictions	<u>298,254</u>	<u>(298,254)</u>	<u> </u>
Total	<u>3,651,054</u>	<u>41,595</u>	<u>3,692,649</u>
EXPENSES:			
Program services:			
Meals on Wheels	1,807,290		1,807,290
Senior centers	549,882		549,882
Transportation services	<u>99,085</u>	<u> </u>	<u>99,085</u>
Total program services	2,456,257		2,456,257
Management and general	556,042		556,042
Fundraising	<u>268,810</u>	<u> </u>	<u>268,810</u>
Total expenses	<u>3,281,109</u>	<u> </u>	<u>3,281,109</u>
CHANGES IN NET ASSETS	369,945	41,595	411,540
Net assets, beginning of year	<u>3,406,934</u>	<u>383,009</u>	<u>3,789,943</u>
Net assets, end of year	<u>\$ 3,776,879</u>	<u>\$ 424,604</u>	<u>\$ 4,201,483</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 (Note 8)	\$ 127,416	\$ 1,806,210	\$ 1,933,626
United Way allocation		298,254	298,254
In-kind contributions (Note 9)	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 Functional Expenses for the year ended December 31, 2021

	MEALS ON <u>WHEELS</u>	SENIOR <u>CENTERS</u>	TRANSPORTATION <u>SERVICES</u>	MANAGEMENT AND <u>GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Food	\$ 1,049,011	\$ 266,806				\$ 1,315,817
Salaries and related expenses	483,224	146,936	\$ 12,749	\$ 301,154	\$ 134,394	1,078,457
Professional fees and contract services	16,358	1,920	16	175,271	5,075	198,640
Depreciation	87,644	13,246	1,571	31,520	15,810	149,791
Occupancy	39,272	86,065	8	279	154	125,778
Supplies	13,238	3,775	53	5,146	95,994	118,206
Transportation			84,501			84,501
Rental and maintenance of equipment	30,520	2,229	35	2,016	1,206	36,006
Travel	25,392	4,882		4,710	819	35,803
Insurance	22,884	1,500		6,798	1,512	32,694
Postage and shipping	12,129	3,618		807	1,569	18,123
Utilities	8,055	2,362	63	3,304	2,165	15,949
Interest	3,550	750	89	2,745	884	8,018
Membership dues	1,875			1,403	450	3,728
Printing and publishing	522	109		156	306	1,093
Other	<u>13,616</u>	<u>15,684</u>		<u>20,733</u>	<u>8,472</u>	<u>58,505</u>
Total expenses	<u>\$ 1,807,290</u>	<u>\$ 549,882</u>	<u>\$ 99,085</u>	<u>\$ 556,042</u>	<u>\$ 268,810</u>	<u>\$ 3,281,109</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
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
Insurance	31,121	3,643	193	5,889	2,240	43,086
Postage and shipping	11,302	3,069		770	1,821	16,962
Utilities	8,517	2,653	91	3,608	2,484	17,353
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

Statements of Cash Flows for the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 411,540	\$ 787,113
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Capital campaign debt – retirement contributions	(6,237)	(8,229)
Depreciation	149,791	185,965
Changes in operating assets and liabilities:		
Contributions receivable	242,263	(172,433)
Prepaid expenses and other assets	(35,030)	(1,188)
Food inventory	13,612	(13,612)
Accounts payable	24,405	10,679
Accrued salaries and benefits	(32,644)	33,940
Refundable advance – Government grant	(18,178)	6,251
Refundable advance – Paycheck Protection Program	<u>(216,911)</u>	<u>216,911</u>
Net cash provided by operating activities	<u>532,611</u>	<u>1,045,397</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in certificates of deposit	(200,167)	(175,315)
Purchase of property and equipment	<u>(18,986)</u>	<u>(43,898)</u>
Net cash used by investing activities	<u>(219,153)</u>	<u>(219,213)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from capital campaign debt – retirement contributions	100,000	100,000
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>0</u>
NET CHANGE IN CASH	313,458	826,184
Cash, beginning of year	<u>1,326,479</u>	<u>500,295</u>
Cash, end of year	<u>\$ 1,639,937</u>	<u>\$ 1,326,479</u>

See accompanying notes to financial statements.

Fort Bend Seniors

Notes to Financial Statements for the years ended December 31, 2021 and 2020

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.

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.

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.

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.

Recent financial accounting pronouncement – Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, will require contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and will require disclosure about the measurement and use of types of contributed nonfinancial assets. The ASU will be effective for fiscal years beginning after June 15, 2021 and requires retrospective application. Fort Bend Seniors will adopt this ASU in fiscal year 2022.

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>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,639,937	\$ 1,326,479
Certificates of deposit	1,002,071	801,904
Contributions receivable	894,403	1,230,429
Other assets	<u>27,733</u>	<u> </u>
Total financial assets	3,564,144	3,358,812
Less financial assets not available for general expenditure:		
Contributions receivable designated for debt retirement	(293,673)	(387,436)
Board-designated for emergency reserve fund	<u>(1,000,000)</u>	<u>(400,000)</u>
Total financial assets available for general expenditure	<u>\$ 2,270,471</u>	<u>\$ 2,571,376</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 certificates of deposit with terms of three months.

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 of approximately \$1.6 million disclosed in Note 3 to be recognized within one year.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are comprised of the following:

	<u>2021</u>	<u>2020</u>
Contributions receivable for operations	\$ 600,730	\$ 842,993
Contributions receivable designated for debt retirement	<u>300,000</u>	<u>400,000</u>
Total	900,730	1,242,993
Discount to net present value at approximately 2%	<u>(6,327)</u>	<u>(12,564)</u>
Contributions receivable, net	<u>\$ 894,403</u>	<u>\$ 1,230,429</u>

Contributions receivable at December 31, 2021 are expected to be collected as follows:

2022	\$ 700,730
2023	100,000
2024	<u>100,000</u>
Total contributions receivable	<u>\$ 900,730</u>

Concentration – At December 31, 2021, approximately 87% of contributions receivable were due from three donors. At December 31, 2020, approximately 80% of contributions receivable were due from three donors.

At December 31, 2021, Fort Bend Seniors has approximately \$1,618,000 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, 2021, Fort Bend Seniors also has a \$492,972 conditional contribution from the United Way to be used in providing program services from April 1, 2023 to March 31, 2025. The amount is conditioned upon performance and available resources. Fort Bend Seniors will recognize the contribution when the conditions are met.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Vehicles	\$ 214,881	\$ 247,179
Furniture and equipment	261,869	243,241
Leasehold improvement	<u>1,669,105</u>	<u>1,669,105</u>
Total property and equipment, at cost	2,145,855	2,159,525
Accumulated depreciation	<u>(1,011,715)</u>	<u>(894,580)</u>
Property and equipment, net	<u>\$ 1,134,140</u>	<u>\$ 1,264,945</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 \$318,753 at December 31, 2021 and \$418,753 at December 31, 2020. Interest expense of approximately \$7,000 and \$9,000 was recognized in fiscal years 2021 and 2020, respectively.

NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 1,961,492	\$ 2,160,742
Board-designated for emergency reserve fund	1,000,000	400,000
Invested in property and equipment, net of related debt	<u>815,387</u>	<u>846,192</u>
Total net assets without donor restrictions	<u>\$ 3,776,879</u>	<u>\$ 3,406,934</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Vehicle	\$ 54,925	
Waller County meal programs	40,000	\$ 40,000
Meals on Wheels program		36,387
Other	<u>10,865</u>	<u>8,368</u>
Total subject to expenditure for specified purpose	<u>105,790</u>	<u>84,755</u>
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	<u>318,814</u>	<u>298,254</u>
Total net assets with donor restrictions	<u>\$ 424,604</u>	<u>\$ 383,009</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>2021</u>	<u>2020</u>
Federal government grants:		
U. S. Department of Health and Human Services:		
Passed through Houston-Galveston Area Council	\$ 794,679	\$ 1,125,354
Passed through other local government agencies	50,896	56,222
U. S. Department of Housing and Urban Development:		
Passed through Fort Bend County	80,482	68,335
U. S. Department of Homeland Security	11,505	54,571
U. S. Small Business Administration – Paycheck Protection Program	<u>218,062</u>	<u> </u>
Total federal government grants	<u>1,155,624</u>	<u>1,304,482</u>
State and local government grants:		
Texas Department of Agriculture	348,443	338,261
Texas Veterans Commission	177,178	163,467
Fort Bend County	<u>122,548</u>	<u>127,416</u>
Total state and local government grants	<u>648,169</u>	<u>629,144</u>
Total government grants	<u>\$ 1,803,793</u>	<u>\$ 1,933,626</u>

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). The loan was forgiven in July 2021 and was recognized as government grants contribution revenue in 2021.

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 – IN-KIND CONTRIBUTIONS

Fort Bend Seniors recognized the following in-kind contributions and expenses at fair market value during the year ended December 31, 2021:

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Rent	\$ 124,578			\$ 124,578
Transportation	84,501			84,501
Professional fees and contract services	2,767	\$ 47,300		50,067
Supplies		500	\$ 6,125	6,625
Imputed interest	<u>4,390</u>	<u>1,595</u>	<u>883</u>	<u>6,868</u>
Total in-kind contributions	<u>\$ 216,236</u>	<u>\$ 49,395</u>	<u>\$ 7,008</u>	<u>\$ 272,639</u>

Fort Bend Seniors recognized the following in-kind contributions and expenses at fair market value during the year ended December 31, 2020:

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Rent	\$ 141,116			\$ 141,116
Transportation	33,262			33,262
Professional fees and contract services	323	\$ 50,641	\$ 279	51,243
Imputed interest	<u>5,686</u>	<u>2,065</u>	<u>1,146</u>	<u>8,897</u>
Total in-kind contributions	<u>\$ 180,387</u>	<u>\$ 52,706</u>	<u>\$ 1,425</u>	<u>\$ 234,518</u>

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 24, 2022, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events 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, 2021

<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 HOUSING AND URBAN DEVELOPMENT				
Passed through Fort Bend County:				
Community Development Block Grants/Entitlement Grants (CDBG – Entitlement Grants Cluster)				
#1	10/20 – 09/21	14.218	B-20-MC-48-0040	\$ 15,746
#2	01/21 – 12/21	14.218	B-21-UC-48-0004	\$65,000
#3	10/21 – 09/22	14.218	B-21-MC-48-0040	\$16,500
Total U. S. Department of Housing and Urban Development				<u>9,221</u> <u>65,000</u> <u>6,261</u> <u>80,482</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	10/20 – 09/21	93.044	21-02203	\$104,315
Special Programs for the Aging Title III, Part C – Nutrition Services (Aging Cluster)				
#5	10/20 – 09/21	93.045	21-02203	\$904,460
#6	10/20 – 09/21	93.045	21-02201	\$94,210
#7	10/21 – 09/22	93.045	22-00207	\$801,403
#8	10/21 – 09/22	93.045	22-00208	\$71,809
				<u>29,393</u> <u>469,252</u> <u>38,082</u> <u>67,577</u> <u>5,455</u> <u>580,366</u>
COVID-19 – Special Programs for the Aging Title III, Part C – Nutrition Services (Aging Cluster)				
#9	10/20 – 09/21	93.045	21-02203	\$206,788
#10	10/20 – 09/21	93.045	21-02201	\$31,094
#11	10/21 – 09/22	93.045	22-00207	\$158,456
#12	10/21 – 09/22	93.045	22-00208	\$34,324
Total for Aging Cluster				<u>34,116</u> <u>20,084</u> <u>111,404</u> <u>19,316</u> <u>184,920</u> <u>794,679</u>

(continued)

Fort Bend Seniors

Schedule of Expenditures of Federal Awards for the year ended December 31, 2021 *(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 HEALTH AND HUMAN SERVICES <i>(continued)</i>				
Passed through Texas Department of Aging and Disability Services: Social Services Block Grant				
#13	10/20 – 09/21	93.667	170200	\$55,511
#14	10/21 – 09/22	93.667	170200	\$90,509
				34,096
				16,800
				50,896
Total U. S. Department of Health and Human Services				845,575
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Alliance of Community Assistance Ministries: Emergency Food and Shelter National Board Program Phase 37				
#15	05/20 – 05/21	97.024	843200-005	\$18,494
				3,664
Passed through Alliance of Community Assistance Ministries: COVID-19 – Emergency Food and Shelter National Board Program Phase CARES				
#16	01/20 – 05/21	97.024	843200-005	\$18,367
				7,841
Total U. S. Department of Homeland Security				11,505
TOTAL FEDERAL AWARDS				\$ 937,562

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, 2021

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 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, 2021 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 thereon dated August 24, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blazek & Vetterling

August 24, 2022

**Independent Auditors' Report on Compliance for Each Major
Federal 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

Opinion on Each Major Federal Program

We have audited Fort Bend Seniors' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Fort Bend Seniors' major federal program for the year ended December 31, 2021. Fort Bend Seniors' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fort Bend Seniors complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Fort Bend Seniors and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fort Bend Seniors' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Fort Bend Seniors' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fort Bend Seniors' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fort Bend Seniors' compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fort Bend Seniors' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fort Bend Seniors' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Fort Bend Seniors' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Blazek & Vetterling

August 24, 2022

Fort Bend Seniors

Schedule of Findings and Questioned Costs for the year ended December 31, 2021

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>Assistance Listing 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).