

**Montgomery County  
Committee on Aging, Inc.**  
**dba Meals on Wheels Montgomery County**

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*Financial Statements  
and Supplementary Information*

**For the Years Ended  
September 30, 2016 and 2015**



**Montgomery County Committee On Aging, Inc.  
dba Meals on Wheels Montgomery County  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Montgomery County Committee on Aging, Inc.  
dba Meals on Wheels Montgomery County

### Report on the Financial Statements

We have audited the accompanying financial statements of Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and 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.

### Auditor's 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County as of September 30, 2016 and 2015, 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.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2017, on our consideration of the Organization's 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 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 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 the Organization's internal control over financial reporting and compliance.

*Seefeld Lawson Moeller LLP*

Seefeld Lawson Moeller LLP  
Certified Public Accountants

The Woodlands, Texas  
February 27, 2017

## **FINANCIAL STATEMENTS**

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**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Statements of Financial Position**  
**September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 77,847	\$ 4,733
Accounts Receivable	168,901	253,028
Prepaid Expenses	192	3,455
Fixed Assets, Net	<u>161,832</u>	<u>223,890</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 408,772</u></b>	<b><u>\$ 485,106</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Cash Overdraft	\$ -	\$ 33,279
Accounts Payable	52,703	90,177
Accrued Expenses	22,179	42,225
Deferred Revenue	38,713	-
Line of Credit	<u>80,000</u>	<u>35,050</u>
<b>TOTAL LIABILITIES</b>	<b><u>193,595</u></b>	<b><u>200,731</u></b>
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated	206,199	272,217
Board Designated	<u>2,535</u>	<u>2,535</u>
Total Unrestricted	208,734	274,752
Temporarily Restricted	<u>6,443</u>	<u>9,623</u>
<b>TOTAL NET ASSETS</b>	<b><u>215,177</u></b>	<b><u>284,375</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 408,772</u></b>	<b><u>\$ 485,106</u></b>

The accompanying notes are an integral part of these financial statements.

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**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Statements of Activities**  
**For the Years Ended September 30, 2016 and 2015**

	2016	2015
UNRESTRICTED SUPPORT		
Business Enterprise	\$ 276	\$ 3,367
Contributions	193,552	208,143
Financial Assistance	1,458,187	1,365,392
In-Kind Donations	329,668	326,427
Other	13	6
Participant Contributions	44,481	49,107
Special Events	115,151	93,760
Gain on Sale of Equipment	500	4,644
TOTAL UNRESTRICTED SUPPORT	2,141,828	2,050,846
Net Assets Released from Restrictions	28,882	36,419
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS	2,170,710	2,087,265
EXPENSES		
Program Services	2,070,592	1,794,396
Supporting Services	166,135	161,955
TOTAL EXPENSES	2,236,727	1,956,351
CHANGE IN UNRESTRICTED NET ASSETS	(66,017)	130,914
TEMPORARILY RESTRICTED NET ASSETS		
Restricted Contributions	25,701	26,853
Net Assets Released from Restrictions	(28,882)	(36,419)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(3,181)	(9,566)
CHANGE IN NET ASSETS	(69,198)	121,348
NET ASSETS, BEGINNING OF YEAR	284,375	163,027
NET ASSETS, END OF YEAR	\$ 215,177	\$ 284,375

The accompanying notes are an integral part of these financial statements.

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2016**

	Program Services		
	Congregate Meals	Delivered Meals	Transportation
COMPENSATION AND RELATED EXPENSES			
Salaries and Benefits	\$ 87,455	\$ 265,086	\$ 326,347
Payroll Taxes	7,221	10,861	12,409
Total Compensation and Related Expenses	<u>94,676</u>	<u>275,947</u>	<u>338,756</u>
Activities Supplies	10	-	1,265
Auto	517	11,596	53,882
Bank Charges/Penalties	696	681	749
Contract and Professional	16,123	20,587	245,344
Depreciation	-	16,242	54,486
Food	52,717	279,726	-
Human Resources	-	80	295
In-Kind Expenses	133,742	174,758	21,166
Insurance	3,009	14,633	25,980
Interest	987	985	987
Janitorial Supplies	975	1,301	186
Office Supplies	14,034	28,839	6,891
Other	981	1,171	887
Printing	2,728	3,506	2,635
Promotions	1,132	15,303	1,132
Repairs and Maintenance	61,853	7,408	2,768
Special Events	-	-	-
Telephone	7,332	8,992	5,256
Training and Conferences	110	61	159
Utilities	4,119	4,119	4,120
Workers' Compensation	1,255	1,255	1,255
	<u>302,320</u>	<u>591,243</u>	<u>429,443</u>
TOTAL EXPENSES	<u>\$ 396,996</u>	<u>\$ 867,190</u>	<u>\$ 768,199</u>

The accompanying notes are an integral part of these financial statements.

Supporting Services				
Senior Programs	Total	General and Administrative	Fund Raising	Total
\$ -	\$ 678,888	\$ 97,721	\$ -	\$ 776,609
-	30,491	2,993	-	33,484
-	709,379	100,714	-	810,093
28,882	30,157	-	-	30,157
-	65,995	2,303	-	68,298
-	2,126	3,005	-	5,131
-	282,054	16,549	-	298,603
-	70,728	-	-	70,728
-	332,443	-	-	332,443
-	375	673	-	1,048
-	329,666	-	-	329,666
-	43,622	2,824	-	46,446
-	2,959	1,596	-	4,555
-	2,462	346	-	2,808
3,045	52,809	13,965	-	66,774
1,673	4,712	4,031	-	8,743
-	8,869	2,932	-	11,801
-	17,567	4,367	-	21,934
-	72,029	3,202	-	75,231
4,512	4,512	-	-	4,512
-	21,580	3,927	-	25,507
95	425	128	-	553
-	12,358	4,119	-	16,477
-	3,765	1,454	-	5,219
38,207	1,361,213	65,421	-	1,426,634
\$ 38,207	\$ 2,070,592	\$ 166,135	\$ -	\$ 2,236,727

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2015**

	Program Services		
	Congregate Meals	Delivered Meals	Transportation
COMPENSATION AND RELATED EXPENSES			
Salaries and Benefits	\$ 75,556	\$ 217,865	\$ 305,888
Payroll Taxes	6,006	20,639	25,510
Total Compensation and Related Expenses	<u>81,562</u>	<u>238,504</u>	<u>331,398</u>
Activities Supplies	-	-	1,182
Auto	1,003	14,324	114,568
Bank Charges/Penalties	491	482	509
Contract and Professional	7,753	8,151	48,698
Depreciation	-	15,796	58,491
Food	54,162	294,472	-
Human Resources	137	253	137
In-Kind Expenses	226,264	90,706	9,457
Insurance	3,712	16,191	24,889
Interest	239	785	239
Janitorial Supplies	1,005	801	3
Office Supplies	16,410	23,634	4,216
Other	931	1,358	1,001
Printing	3,648	6,886	4,521
Promotions	13	4,429	49
Repairs and Maintenance	5,842	5,898	2,858
Telephone	6,897	8,184	5,281
Training and Conferences	247	452	301
Utilities	4,238	4,238	4,238
Workers' Compensation	1,948	1,948	1,948
	<u>334,940</u>	<u>498,988</u>	<u>282,586</u>
TOTAL EXPENSES	<u>\$ 416,502</u>	<u>\$ 737,492</u>	<u>\$ 613,984</u>

The accompanying notes are an integral part of these financial statements.

		Supporting Services		
Senior Programs	Total	General and Administrative	Fund Raising	Total
\$ -	\$ 599,309	\$ 86,281	\$ -	\$ 685,590
-	52,155	9,296	-	61,451
-	651,464	95,577	-	747,041
26,418	27,600	-	-	27,600
-	129,895	1,897	-	131,792
-	1,482	1,821	-	3,303
-	64,602	27,871	-	92,473
-	74,287	27	-	74,314
-	348,634	-	-	348,634
-	527	184	-	711
-	326,427	-	-	326,427
-	44,792	3,712	-	48,504
-	1,263	1,579	-	2,842
-	1,809	1,566	-	3,375
-	44,260	5,045	-	49,305
-	3,290	1,442	-	4,732
-	15,055	4,236	-	19,291
-	4,491	5,302	-	9,793
-	14,598	3,083	-	17,681
-	20,362	3,295	-	23,657
-	1,000	273	-	1,273
-	12,714	4,238	-	16,952
-	5,844	807	-	6,651
26,418	1,142,932	66,378	-	1,209,310
\$ 26,418	\$ 1,794,396	\$ 161,955	\$ -	\$ 1,956,351

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (69,198)	\$ 121,348
Adjustment to reconcile change in Net Assets to net Cash Provided by Operating Activities:		
Depreciation	70,728	74,314
(Gain) Loss on Sale of Equipment	(500)	(4,646)
(Increase) Decrease in:		
Accounts Receivable	84,127	(103,031)
Contributions Receivable	-	10,000
Prepaid Expenses	3,263	(1,053)
Increase (Decrease) in:		
Accounts Payable	(37,474)	2,483
Accrued Expenses	(20,046)	20,323
Deferred Revenue	38,713	(40,666)
Net Cash Provided by Operating Activities	<u>69,613</u>	<u>79,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(8,670)	(159,532)
Disposal of Fixed Assets	500	5,461
Net Cash Used by Investing Activities	<u>(8,170)</u>	<u>(154,071)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	139,931	35,050
Payments on Line of Credit	(94,981)	-
Cash Overdraft	(33,279)	33,279
Net Cash Provided by Financing Activities	<u>11,671</u>	<u>68,329</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	73,114	(6,670)
CASH, BEGINNING OF YEAR	<u>4,733</u>	<u>11,403</u>
CASH, END OF YEAR	<u>\$ 77,847</u>	<u>\$ 4,733</u>
Supplemental disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$ 4,555	\$ 2,842

The accompanying notes are an integral part of these financial statements.

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Notes to Financial Statements**  
**September 30, 2016 and 2015**

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**NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies**

Montgomery County Committee on Aging, Inc. (MCCA) dba Meals on Wheels Montgomery County was incorporated in Texas as a non-profit organization on March 1, 1973. Its purpose is to enhance the lives of senior adults and disabled citizens by enabling individuals to continue being an integral part of their community while keeping their independence, dignity and sense of well-being. MCCA maintains offices at two locations: Conroe and The Woodlands. Services provided include, but are not limited to, home delivered meals to homebound seniors, transportation services for elderly or disabled residents, and congregate meals at senior centers located in The Woodlands, Magnolia, and New Caney.

***Basis of Accounting***

MCCA uses the accrual basis of accounting. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

***Basis of Presentation***

MCCA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of MCCA and changes therein are classified and reported as follows:

- *Unrestricted net assets:* Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets:* Net assets subject to donor-imposed stipulations that can be fulfilled by actions of MCCA pursuant to those stipulations or that expire by the passage of time.
- *Permanently restricted net assets:* Net assets subject to donor-imposed stipulations that they be maintained permanently by MCCA. Generally, the donors of such assets permit MCCA to use all or part of the income earned on the assets. MCCA has no permanently restricted net assets.

In addition, MCCA is required to present a statement of cash flow.

***Contributions***

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. Donor restricted contributions whose restrictions are primarily met in the same reporting period are reported as unrestricted support.

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Notes to Financial Statements**  
**September 30, 2016 and 2015**

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Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has temporarily restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, MCCA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. MCCA reclassifies temporarily restricted net assets to unrestricted net assets at that time.

MCCA receives various non-cash donations throughout the year including supplies, facilities, and volunteer hours. Non-cash donations are recorded as contributions at their estimated fair values at the date of donation. During the years ended September 30, 2016 and 2015, the value of the non-cash donations was \$329,668 and \$326,427, respectively.

***Contributed Services***

During the years ended September 30, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements was \$198,644 and \$126,504, respectively. In addition, many other individuals volunteer their time and perform a variety of tasks that assist MCCA, but these services do not meet the criteria for recognition as contributed services under FASB ASC 958-605.

***Fair Value of Financial Instruments***

The carrying amounts reported in the statements of financial position for cash and cash equivalents approximate their fair value.

***Use of Estimates***

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Notes to Financial Statements**  
**September 30, 2016 and 2015**

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***Cash and Cash Equivalents***

For the purposes of the statement of cash flows, MCCA considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

***Accounts Receivable***

Accounts receivable is comprised of grants and other receivables. Grants receivable are stated as reimbursable expenditures due from the grantor. No allowance for bad debts is recorded as revenue received is from third party reimbursements with state and local government agencies.

***Concentration of Credit Risk***

MCCA maintains cash in deposit accounts with several federally insured banks. The cash balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000 of the balance. At September 30, 2016 and 2015, MCCA had no amounts in excess of federally insured limits.

***Fixed Assets***

MCCA defines fixed assets as assets with an original cost of \$1,500 or more with the estimated useful life of more than one year. They are recognized at fair market value at the date of donation, or if purchased, at their cost. Maintenance and repairs are charged to expense and major improvements are capitalized. Depreciation is determined using the straight-line method at rates expected to amortize the cost or value of the depreciable assets over their estimated useful lives of three to ten years.

***Deferred Revenue***

Revenue from certain financial assistance is deferred and recognized over the periods to which the support relates. Deferred revenue has been recorded for unearned receipts in the amounts of \$38,713 and \$-0- as of September 30, 2016 and 2015, respectively.

***Income Taxes***

MCCA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

***Functional Allocation of Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Costs are allocated between supporting services or program services based on evaluations of the related benefits. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of MCCA.

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Notes to Financial Statements**  
**September 30, 2016 and 2015**

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***Management's Review***

MCCA has evaluated subsequent events through February 27, 2017, the date which the financial statements were available to be issued.

**NOTE 2 – Cash and Cash Equivalents**

Cash and cash equivalents on deposit included \$77,847 and \$4,733, respectively at September 30, 2016 and 2015 with various financial institutions.

**NOTE 3 – Accounts Receivable**

Accounts receivable consisted of the following at September 30:

	2016	2015
Community Development Block Grant	\$ 10,833	\$ 32,500
Houston-Galveston Area Council	93,221	93,453
City of Conroe	27,785	61,703
Texas Department of Transportation	23,903	62,664
Tomball Regional Health Foundation	12,883	-
Other Receivables	276	2,708
Total Accounts Receivable	\$ 168,901	\$ 253,028

**NOTE 4 – Fixed Assets**

Fixed assets consist of the following at September 30:

	2016	2015
Equipment	\$ 103,717	\$ 102,122
Furniture, Office Equipment, and Software	104,060	96,985
Vehicles and Equipment	485,035	507,381
	692,812	706,488
Accumulated Depreciation	(530,980)	(482,598)
Fixed Assets, Net	\$ 161,832	\$ 223,890

Depreciation expense for the years ended September 30, 2016 and 2015 amounted to \$70,728 and \$74,314, respectively.

**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Notes to Financial Statements**  
**September 30, 2016 and 2015**

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**NOTE 5 – Line of Credit**

MCCA has a credit agreement with a commercial bank which provides a revolving line of credit bearing interest at 4.795% at September 30, 2016. The credit line provides for a maximum borrowing limit of \$100,000. The revolving credit line was renewed on September 20, 2016, and expires on September 20, 2018. Payments are for interest only beginning October 20, 2016 through September 20, 2018. The loan matures on September 20, 2018 with a final payment due of all outstanding principal and accrued unpaid interest. The balances at September 30, 2016 and 2015, was \$80,000 and \$35,050, respectively.

**NOTE 6 – Restricted Net Assets**

At September 30, 2016 and 2015, MCCA had temporarily restricted net assets of \$6,443 and \$9,623, respectively, which were restricted by the donors for various purposes.

**NOTE 7 – Operating Leases**

MCCA occupies two different locations, one in Conroe and one in The Woodlands. The office building in Conroe houses administrative staff and Senior Rides operations. In July 2002, MCCA entered into a thirty-year (30) lease agreement with the City of Conroe (the City) for the Conroe building, located at 1202 Callahan, Conroe, Texas. The City has authorized a credit against the rent of this building in return for services that MCCA provides to City residents in the form of meals and rides provided to the elderly and disabled. The office in The Woodlands is located at the South County Community Center and is occupied free of charge. MCCA provides meals to both the New Caney and Magnolia senior centers, but no office space is kept at those locations.

Lease expenses and related donated rent totaled \$13,913 and \$13,913 for the years ended September 30, 2016 and 2015, respectively.

Additionally, MCCA has numerous cancelable operating leases for equipment with various expiration dates. In the normal course of business, the operating leases are generally renewed or replaced with other leases.

**NOTE 8 – Retirement**

MCCA offers its eligible employees the opportunity to participate in a contributory retirement plan. The plan is based on voluntary employee contributions. All employees are eligible to participate at any time as long as they are in accordance with the contributory retirement plan requirements. No employer contributions are made.

**NOTE 9 – Concentration of Support**

For the years ended September 30, 2016 and 2015, MCCA received fifty-five percent (55%) and forty-nine percent (49%) of its support from Houston-Galveston Area Council, Montgomery County, Texas Department of Transportation, and United Way of Greater Houston.

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INDEPENDENT AUDITOR'S 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  
Montgomery County Committee on Aging, Inc.  
dba Meals on Wheels Montgomery County

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 Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Seefeld Lawson Moeller LLP*

Seefeld Lawson Moeller LLP  
Certified Public Accountants

The Woodlands, Texas  
February 27, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Montgomery County Committee on Aging, Inc.  
dba Meals on Wheels Montgomery County

Report on Compliance for Each Major Federal Program

We have audited Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's major federal programs for the year ended September 30, 2016. Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's 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, Cost 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 Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's 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 Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's compliance.

Opinion on Each Major Federal Program

In our opinion, Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County 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 September 30, 2016.

## Report on Internal Control Over Compliance

Management of Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County 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 Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's 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 Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County's 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 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 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Seefeld Lawson Moeller LLP*

Seefeld Lawson Moeller LLP  
Certified Public Accountants

The Woodlands, Texas  
February 27, 2017

## **SUPPLEMENTARY INFORMATION**

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**Montgomery County Committee On Aging, Inc.**  
**dba Meals on Wheels Montgomery County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2016**

Federal Grantor/Pass Thru Grantor Program Title	Federal CFDA #	Identifying Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Montgomery County Community Development: Community Development Block Grant			
Meals for Seniors	14.218		<u>\$ 65,000</u>
Total U.S. Department of Housing and Urban Development			<u>65,000</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			
	93.044	AAA13-000517	139,599
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	AAA13-000517	<u>382,639</u>
Total U.S. Department of Health and Human Services			<u>522,238</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Texas Department of Transportation: Enhanced Mobility of Seniors & Individuals with Disabilities			
	20.513	51512F7098	<u>192,194</u>
Total U.S. Department of Transportation			<u>192,194</u>
Total Expenditures of Federal Awards			<u><u>\$ 779,432</u></u>

**Montgomery County Committee On Aging, Inc.  
 dba Meals on Wheels Montgomery County  
 Notes To Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2016**

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**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the activity of Montgomery County Committee on Aging, Inc. dba Meals on Wheels Montgomery County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – Non-Cash and Loans**

There were no federal awards expended in the form of non-cash assistance or insurance and there were no federal program loans or loan guarantees outstanding at year end.

**NOTE 3 – Insurance**

<b>Insurance Type</b>	<b>Coverage</b>
Workers Compensation	\$1,000,000 coverage for accident and disease per accident or employee and \$1,000,000 for injury by disease limit
Commercial	\$3,000,000 general aggregate limits of liability; \$1,000,000 bodily injury and property damage liability on any one occurrence subject to the general aggregate limits of liability; \$1,000,000 personal and advertising injury liability on any one person or organization subject to the general aggregate limits of liability; \$100,000 due to damage to premises that are rented; \$5,000 in medical payments with any one person subject to general aggregate limits; \$1,000,000 abuse/molestation liability; \$1,000,000 employee benefit liability
Excess/Umbrella	\$3,000,000 annual aggregate limit for underlying coverage for automobile, general liability, worker’s compensation, abuse/molestation, and employee benefit liability
Business Property	\$350,000 personal property The Woodlands location \$200,000 personal property Conroe location
Directors and Officers Liability	\$1,000,000 maximum aggregate limit of liability for employment practices claims
Fuel Clean Up Bond	\$10,000
Commercial Crime	\$100,000 per occurrence for employee theft, forgery or alteration, on premises, in transit, money orders & counterfeit currency, computer fraud, funds transfer fraud, client coverage, and expense coverage
Commercial Inland Marine (Computer Equipment-blanket)	\$145,000 Conroe location



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