

MEALS ON WHEELS SOUTH TEXAS

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2022 AND 2021**

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants
Financial Consultants
Business Advisors
www.rhcllp.com

Russell A. Hodon, CPA
Christopher L. Culak, CPA
Mary Ann McAdams, CPA
Yvette M. Castro, CPA

One Twenty South Main, Suite 300
P. O. Box 2486
Victoria, Texas 77902-2486
361-578-2915
Fax 361-578-7058

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Meals on Wheels South Texas
Victoria, Texas

Opinion

We have audited the accompanying financial statements of Meals on Wheels South Texas (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels South Texas as of September 30, 2022 and 2021, 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 Our Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Meals on Wheels South Texas 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 Meals on Wheels South Texas's ability to continue as a going concern within 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 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, 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 Meals on Wheels South Texas's 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 Meals on Wheels South Texas's 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.

Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants

April 1, 2023

**MEALS ON WHEELS SOUTH TEXAS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 520,559	\$ 718,174
Grants and Contributions Receivable	293,785	157,935
Unconditional Promises to Give	28,125	28,125
Other Accounts Receivable	4,349	-0-
Prepaid Expenses	<u>18,735</u>	<u>8,615</u>
Total Current Assets	865,553	912,849
Noncurrent Assets:		
Property and Equipment, Net	<u>407,895</u>	<u>396,147</u>
Total Assets	<u>\$ 1,273,448</u>	<u>\$ 1,308,996</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 28,191	\$ 37,994
Other Liabilities	<u>2,203</u>	<u>552</u>
Total Liabilities	<u>30,394</u>	<u>38,546</u>
Net Assets:		
Without Donor Restrictions	1,210,860	1,228,796
With Donor Restrictions	<u>32,194</u>	<u>41,654</u>
Total Net Assets	<u>1,243,054</u>	<u>1,270,450</u>
Total Liabilities and Net Assets	<u>\$ 1,273,448</u>	<u>\$ 1,308,996</u>

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

**MEALS ON WHEELS SOUTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and Contracts	\$ 468,291	\$ 54,500	\$ 522,791
Program Revenues	20,328	-0-	20,328
Interest Income	1,229	-0-	1,229
Donations	502,695	2,500	505,195
United Way	37,500	-0-	37,500
Reimbursement of Expenses	60,836	-0-	60,836
Other Income	6,140	-0-	6,140
Net Assets Released from Restrictions	66,460	(66,460)	-0-
Total Support and Revenue	1,163,479	(9,460)	1,154,019
Expenses:			
Program Services	953,662	-0-	953,662
Supporting Services:			
Administrative	204,309	-0-	204,309
Fundraising	23,444	-0-	23,444
Total Expenses	1,181,415	-0-	1,181,415
Decrease in Net Assets	(17,936)	(9,460)	(27,396)
Net Assets, Beginning of Year	1,228,796	41,654	1,270,450
Net Assets, End of Year	\$ 1,210,860	\$ 32,194	\$ 1,243,054

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

**MEALS ON WHEELS SOUTH TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and Contracts	\$ 606,479	\$ -0-	\$ 606,479
Program Revenues	16,688	-0-	16,688
Fundraising Income	140	-0-	140
Interest Income	877	-0-	877
Donations	214,633	58,938	273,571
United Way	37,500	-0-	37,500
Other Income	50,476	-0-	50,476
Gain on Disposition of Assets	384	-0-	384
Net Assets Released from Restrictions	92,284	(92,284)	-0-
Total Support and Revenue	1,019,461	(33,346)	986,115
Expenses:			
Program Services	664,883	-0-	664,883
Supporting Services:			
Administrative	90,923	-0-	90,923
Fundraising	15,574	-0-	15,574
Total Expenses	771,380	-0-	771,380
Increase (Decrease) in Net Assets	248,081	(33,346)	214,735
Net Assets, Beginning of Year	980,715	75,000	1,055,715
Net Assets, End of Year	\$ 1,228,796	\$ 41,654	\$ 1,270,450

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

**MEALS ON WHEELS SOUTH TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022**

	Program			Total
	Services	Administrative	Fundraising	
Salaries and Related Expenses				
Salaries	\$ 369,004	\$ 33,169	\$ 12,438	\$ 414,611
Employee Benefits	100,400	9,025	3,384	112,809
Payroll Taxes	27,184	2,444	916	30,544
Total Salaries and Related Expenses	496,588	44,638	16,738	557,964
Advertising	8,217	21,364	3,286	32,867
Food and Related Expenses	168,894	-0-	-0-	168,894
Fundraising	-0-	-0-	732	732
Information Technology	18,986	3,351	-0-	22,337
Insurance	24,711	8,237	-0-	32,948
Nonfood Kitchen Supplies	115,974	-0-	-0-	115,974
Occupancy				
Janitorial Supplies	4,791	846	-0-	5,637
Maintenance and Repairs	23,616	4,167	-0-	27,783
Security	2,026	357	-0-	2,383
Utilities and Telephone	19,377	3,420	-0-	22,797
Office	25,713	23,141	2,571	51,425
Pet Program	4,746	-0-	-0-	4,746
Postage	1,529	706	117	2,352
Professional Development	-0-	12,202	-0-	12,202
Professional Fees	-0-	16,039	-0-	16,039
Vehicle	18,475	-0-	-0-	18,475
Total Expenses Before Depreciation and Reimbursed Expenses	933,643	138,468	23,444	1,095,555
Reimbursed Expenses	-0-	60,836	-0-	60,836
Depreciation	20,019	5,005	-0-	25,024
Total Depreciation and Reimbursed Expenses	20,019	65,841	-0-	85,860
Total Expenses	\$ 953,662	\$ 204,309	\$ 23,444	\$ 1,181,415

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

**MEALS ON WHEELS SOUTH TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021**

	Program			Totals
	Services	Administrative	Fundraising	
Salaries and Related Expenses				
Salaries	\$ 281,501	\$ 25,303	\$ 9,489	\$ 316,293
Payroll Taxes	20,199	1,816	680	22,695
Total Salaries and Related Expenses	<u>301,700</u>	<u>27,119</u>	<u>10,169</u>	<u>338,988</u>
Advertising	2,342	6,088	936	9,366
Food and Related Expenses	153,558	-0-	-0-	153,558
Fundraising	-0-	-0-	2,500	2,500
Insurance	19,402	6,467	-0-	25,869
Meal Delivery and Supplies	76,181	-0-	-0-	76,181
Occupancy				
Janitorial Supplies	1,897	335	-0-	2,232
Maintenance and Repairs	22,199	3,918	-0-	26,117
Utilities and Telephone	25,911	4,572	-0-	30,483
Office	19,219	17,297	1,921	38,437
Pet Supplies	4,143	-0-	-0-	4,143
Postage	632	292	48	972
Professional Development	-0-	2,547	-0-	2,547
Professional Fees	-0-	15,616	-0-	15,616
Vehicle	11,011	-0-	-0-	11,011
Total Expenses Before Depreciation	<u>638,195</u>	<u>84,251</u>	<u>15,574</u>	<u>738,020</u>
Depreciation	<u>26,688</u>	<u>6,672</u>	<u>-0-</u>	<u>33,360</u>
Total Expenses	<u>\$ 664,883</u>	<u>\$ 90,923</u>	<u>\$ 15,574</u>	<u>\$ 771,380</u>

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

**MEALS ON WHEELS SOUTH TEXAS
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
Cash Flows From Operating Activities:		
Net Increase (Decrease) in Net Assets	\$ (27,396)	\$ 214,735
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	25,024	33,360
Gain on Disposition of Assets	-0-	(384)
Paycheck Protection Program Loan Forgiveness	-0-	(40,800)
(Increase) Decrease in Operating Assets		
Grants and Contributions Receivable	(135,850)	(53,146)
Unconditional Promises to Give	-0-	7,500
Other Accounts Receivable	(4,349)	-0-
Prepaid Expenses	(10,120)	(1,581)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(9,803)	26,465
Other Liabilities	1,651	18
	(160,843)	186,167
Cash Flows from Investing Activities:		
Proceeds from Sale of Property and Equipment	-0-	2,950
Purchases of Property and Equipment	(36,772)	(28,044)
	(36,772)	(25,094)
Net Increase (Decrease) in Cash and Cash Equivalents	(197,615)	161,073
Cash and Cash Equivalents, Beginning of Year	718,174	557,101
Cash and Cash Equivalents, End of Year	\$ 520,559	\$ 718,174

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

**MEALS ON WHEELS SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

Note 1: Nature of Activities

Meals on Wheels South Texas (the Organization) is operated to provide services to the senior citizens of Victoria County, Texas and the surrounding area. These services include transportation, on-site meals, delivered meals, social, recreation, education, information, referral and advocacy programs.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting -- The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses related to the revenues are recorded upon completion of the event to which they are applicable regardless of the timing of the related cash flows.

Basis of Financial Statement Presentation -- The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization. Board-designated net assets are net assets without donor restrictions that are self-imposed limits by the action of the governing Board.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Board or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Cash and Cash Equivalents -- The Organization considers all time deposits, certificates of deposit, investments in money market mutual funds, and highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Receivables -- The Organization has contracted to provide services for certain government entities from which they are reimbursed. The receivables balance represents amounts earned on these contracts at September 30, 2022 and 2021. All receivables are considered to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

MEALS ON WHEELS SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Contributions -- Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions or without donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable value. Unconditional promises to give that are expected to be collected after one year or more are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

If the only restriction on the unconditional promise to give is the construction or purchase of specified long-lived assets and absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions as the donated or acquired long-lived assets are placed in service.

Prepaid Expenses -- Expense items of a nature that will benefit future periods are charged to the prepaid expense accounts and are expensed over the future periods to be benefited.

Compensated Absences -- Prior to October 1, 2021, the Organization's vacation policy allowed full-time employees with up to five years of service to accrue twelve days of vacation annually. For each service year in excess of five years, employees could accrue an additional day per year up to a maximum of fifteen days. The Organization's sick leave policy allowed full-time employees to accrue sick leave at the same ratio as that of vacation leave. Employees were not compensated for any unused accrued vacation leave or sick leave upon termination. Consequently, no provision for compensated absences as of September 30, 2021 is included in the accompanying financial statements.

**MEALS ON WHEELS SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

Note 2: Summary of Significant Accounting Policies (Continued)

Effective October 1, 2021, the Organization revised its paid time off policy to allow all employees to earn and accrue paid time off based on years of service. Employees accrue paid time off in varying increments based on cumulative years of service with a maximum of 54 days for employees with fifteen or more years of service. Up to five days of paid time off are paid upon termination if the employee provides at least two weeks' notice. The estimated total liability for compensated absences as of September 30, 2022 is considered immaterial. Consequently, no provision for compensated absences as of September 30, 2022 is included in the accompanying financial statements.

Allocation of Expenses -- Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related benefits, which are allocated on the basis of estimates of time and effort; occupancy costs, insurance, depreciation, and other operating expenses, which are allocated based on usage studies conducted periodically.

Advertising Costs -- Advertising costs are expensed as incurred. Advertising expense was \$32,867 and \$9,366 for the years ended September 30, 2022 and 2021, respectively.

Property and Equipment -- The Organization's policy is to capitalize property, improvements, and other assets that are valued at \$5,000 or more, and that are expected to have a useful life of greater than one year, at their historical cost or estimated fair market value. Expenditures for maintenance and repairs that do not significantly improve or extend the lives of the assets are expensed as incurred. Depreciation is taken on the straight-line method over the estimated useful lives of the related asset. Buildings are depreciated over twenty-five years, building improvements and office equipment over five to twelve years, and vehicles over five years. Property and equipment owned by the Organization is reflected at original cost if acquired by purchase and if acquired by donation, at the fair market value at the time donated.

Income Taxes -- The Organization is statutorily exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income tax expense has been included in the accompanying financial statements. In addition, it has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a). There was no unrelated business taxable income for the years ended September 30, 2022 or 2021.

MEALS ON WHEELS SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

Note 2: Summary of Significant Accounting Policies (Concluded)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended September 30, 2022 and 2021.

The Organization is generally no longer subject to examination by the Internal Revenue Service for tax years ending before 2019.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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. Actual results could differ from those estimates.

Donated Services, Property, and Materials -- Donated services are recognized as contributions in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958, *Presentation of Financial Statements of Not-for-Profit Entities*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

A substantial number of volunteers donated significant amounts of their time in the Organization's program, but these services do not meet the criteria for recognition as contributed services. Donations of property and equipment are recorded as support at their fair market value at the date of donation. They are included in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose.

On occasion, The Food Bank of the Golden Crescent donates food products and basic need products to the Organization. The estimated fair market value of these donations, if any, is reported in support and expenses in the Statement of Activities. The Organization uses the fair market value per pound of donated food and donated basic need products according to Feeding America (a national food bank) in order to calculate total support and expenses.

Reclassifications -- Certain prior year amounts have been reclassified to conform to the current year presentation.

Date of Management's Review -- Subsequent events were evaluated through April 1, 2023, which is the date the financial statements were available to be issued.

**MEALS ON WHEELS SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

Note 3: Concentration of Credit Risk

The Organization maintains its cash in two financial institutions located in Victoria, Texas. Deposit accounts are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000, for each deposit insurance category. At times, the balances in bank deposit accounts may exceed federally insured limits. The Organization’s cash and cash equivalent balances were fully insured at September 30, 2022 and 2021. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash and cash equivalents balances.

Note 4: Property and Equipment

As of September 30, 2022, and 2021, the Organization’s property and equipment was comprised of the following:

	2022	2021
Nondepreciable:		
Land	\$ 14,483	\$ 14,483
Depreciable:		
Building and Improvements	579,453	542,681
Furniture and Equipment	165,385	165,385
Vehicles	84,686	84,686
Totals at Historical Cost	844,007	807,235
Accumulated Depreciation	(436,112)	(411,088)
Total Property and Equipment, Net	\$ 407,895	\$ 396,147

Depreciation expense for the years ended September 30, 2022 and 2021 was \$25,024 and \$33,360, respectively.

Note 5: Unconditional Promises to Give

The United Way of the Crossroads unconditionally promised to give the Organization \$37,500, respectively, in unrestricted contributions for the years ending September 30, 2022 and 2021. The United Way of the Crossroads allocates grants on a fiscal year cycle of July 1 through June 30 and remits one fourth of the grant allocation on a quarterly basis. Accordingly, the Organization accrues the unconditional promise to give in the amount of three quarterly payments not yet received by the end of the Organization’s fiscal year reporting cycle of October 1 through September 30.

Note 6: Revenue Concentration

The majority of revenue is received from donations from various sources, federal grants awarded through Golden Crescent Regional Planning Commission, and the United Way of the Crossroads. The loss of these revenues would have a severe impact on the operation of the Organization.

**MEALS ON WHEELS SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

Note 7: Availability and Liquidity of Financial Assets

The following represents the Organization's financial assets as of September 30, 2022 and 2021 reduced by amounts not available for general use within one year of the balance sheet date because of donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 520,559	\$ 718,174
Grants and Contributions Receivable	293,785	157,935
Unconditional Promises to Give	<u>28,125</u>	<u>28,125</u>
Total Financial Assets	842,469	904,234
Less Donor-Imposed Purpose Restrictions	<u>32,194</u>	<u>41,654</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 810,275</u>	<u>\$ 862,580</u>

The Organization manages its liquidity by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs while building reserves to assure long-term obligations will be discharged. In addition to the financial assets available to meet general expenditures over the next twelve months, the Organization operates within a balanced budget and anticipates collecting sufficient revenues to cover general expenditures not covered by donor-restricted resources. Periodic actual to budget comparisons are performed and adjustments are made as considered necessary.

Note 8: Net Assets

Net assets at September 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
With Donor Restrictions		
Specific Purpose:		
Pilot Program	\$ -0-	\$ 5,000
Furniture and Equipment	-0-	10,000
Meals	-0-	10,000
Kitchen Expansion/Capacity Building	27,194	16,654
Pet Storytelling	5,000	-0-
	<u>\$ 32,194</u>	<u>\$ 41,654</u>
Without Donor Restrictions		
Board Designated Net Assets	\$ 231,605	\$ 195,405
Investment in Property and Equipment	407,895	396,147
Undesignated	<u>571,360</u>	<u>637,244</u>
	<u>\$ 1,210,860</u>	<u>\$ 1,228,796</u>

**MEALS ON WHEELS SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

Note 8: Net Assets (Concluded)

The Board has designated funds to be set aside for operating reserves and future capital purchases.

Net assets released from net assets with donor restrictions during the years ended September 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
Furniture and Equipment	\$ -0-	\$ 14,784
Pilot Program	-0-	2,500
Congregate Program	15,000	-0-
Rural Meals and Services	12,000	-0-
Kitchen Expansion/Capacity Building	19,460	-0-
Vet Care	15,000	-0-
Pet Storytelling	2,500	-0-
Café	2,500	-0-
	<u>66,460</u>	<u>17,284</u>
Satisfaction of Time Restrictions:		
For Periods After September 30, 2020	-0-	75,000
	<u>\$ 66,460</u>	<u>\$ 92,284</u>