

**MEALS ON WHEELS OF ODESSA, INC.**

**FINANCIAL STATEMENTS  
&  
INDEPENDENT AUDITOR'S REPORT**

**AUGUST 31, 2018  
(with comparative totals for August 31, 2017)**

**Randy Silhan, CPA, CFE  
Certified Public Accountant  
Certified Fraud Examiner**

# MEALS ON WHEELS OF ODESSA, INC.

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
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 <i>Governmental Auditing Standards</i>	12



**Randy Silhan, CPA, CFE**  
**Certified Public Accountant**  
**Certified Fraud Examiner**



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Executive Director of Meals on Wheels of Odessa, Inc.

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Meals on Wheels of Odessa, Inc. (a nonprofit corporation), which comprise the statement of financial position as of August 31, 2018 and the related statements of activities, functional expenses, and cash flows for the year 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels of Odessa, Inc. as of August 31, 2018, and the change in its net assets, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

I have previously audited Meal on Wheels of Odessa, Inc.'s 2017 financial statements, and my report dated April 9, 2018, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued a report dated April 22, 2019, on my consideration of the Organization's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



Lubbock, Texas

April 22, 2019

**MEALS ON WHEELS OF ODESSA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2018**  
**(With comparative totals for 2017)**

	2018	2017
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents - unrestricted	\$ 1,972,137	\$ 1,827,070
Grants & Accounts Receivable	44,297	36,688
<b>TOTAL CURRENT ASSETS</b>	<b>2,016,434</b>	<b>1,863,758</b>
<b>PROPERTY &amp; EQUIPMENT, net of accumulated depreciation</b>	<b>651,403</b>	<b>635,912</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,667,837</b>	<b>\$ 2,499,670</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 29,665	\$ 27,845
Accrued Liabilities	9,687	2,793
<b>TOTAL CURRENT LIABILITIES</b>	<b>39,352</b>	<b>30,638</b>
<b>TOTAL LIABILITIES</b>	<b>39,352</b>	<b>30,638</b>
<b>NET ASSETS</b>		
Unrestricted	2,628,485	2,469,032
<b>TOTAL NET ASSETS</b>	<b>2,628,485</b>	<b>2,469,032</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,667,837</b>	<b>\$ 2,499,670</b>

The accompanying notes are an integral part of these financial statements

**MEALS ON WHEELS OF ODESSA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2018**  
**(With comparative totals for 2017)**

	Unrestricted	Temporarily Restricted	2018	2017
<b>SUPPORT &amp; REVENUE</b>				
Title XX passed through State of Texas DADS grant	\$ 244,919	\$ -	\$ 244,919	\$ 256,620
Texas Dept. of Agriculture State grant	81,466	-	81,466	-
Area Agency on Aging - PB Regional Planning Commission	38,550	-	38,550	-
Insurance payors - Amerigroup and Superior	78,258	-	78,258	91,027
United Way	83,375	-	83,375	93,675
CDBG passed through the City of Odessa	41,896	-	41,896	35,598
Contributions	156,486	-	156,486	176,217
Special events, net of expenses of \$2,425	110,539	-	110,539	104,245
Need-a-Meal program	30,037	-	30,037	22,527
Other program income	27,300	-	27,300	2,340
Insurance proceeds	58,171	-	58,171	-
Book gain (loss) on disposed assets	10,904	-	10,904	-
Interest income	5,811	-	5,811	4,169
<b>TOTAL SUPPORT &amp; REVENUE</b>	<b>967,712</b>	<b>-</b>	<b>967,712</b>	<b>786,418</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Satisfaction of purpose restrictions	-	-	-	-
<b>TOTAL SUPPORT, REVENUES, &amp; RECLASSIFICATIONS</b>	<b>967,712</b>	<b>-</b>	<b>967,712</b>	<b>786,418</b>
<b>EXPENSES</b>				
Program Services:				
Nutritional	635,526	-	635,526	531,106
<b>TOTAL PROGRAM SERVICES</b>	<b>635,526</b>	<b>-</b>	<b>635,526</b>	<b>531,106</b>
Supporting Services:				
Management and general	169,012	-	169,012	169,648
Fundraising	3,721	-	3,721	3,068
<b>TOTAL SUPPORTING SERVICES</b>	<b>172,733</b>	<b>-</b>	<b>172,733</b>	<b>172,716</b>
<b>TOTAL EXPENSES</b>	<b>808,259</b>	<b>-</b>	<b>808,259</b>	<b>703,822</b>
<b>CHANGE IN NET ASSETS</b>	<b>159,453</b>	<b>-</b>	<b>159,453</b>	<b>82,596</b>
<b>BEGINNING NET ASSETS</b>	<b>2,469,032</b>	<b>-</b>	<b>2,469,032</b>	<b>2,386,436</b>
<b>ENDING NET ASSETS</b>	<b>\$ 2,628,485</b>	<b>\$ -</b>	<b>\$ 2,628,485</b>	<b>\$ 2,469,032</b>

The accompanying notes are an integral part of these financial statements

**MEALS ON WHEELS OF ODESSA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2018**  
**(With comparative totals for 2017)**

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>		<u>TOTALS</u>	
	Nutritional	Management & General	Fundraising	2018	2017
Meals	\$ 340,372	\$ -	\$ -	\$ 340,372	\$ 323,364
Salaries	162,487	95,528	3,117	261,132	207,646
Meal program supplies	56,550	-	-	56,550	33,316
Insurance	15,110	8,345	-	23,455	19,834
Payroll taxes	12,765	7,505	244	20,514	16,396
Employee benefits	5,400	7,873	360	13,633	13,282
Bookkeeping and professional fees	-	13,300	-	13,300	13,100
Utilities	5,471	5,471	-	10,942	13,704
Repairs and maintenance	3,576	3,576	-	7,152	4,116
Office expense	3,388	3,389	-	6,777	3,868
Vehicle expenses	6,075	-	-	6,075	7,153
Postage & printing	1,204	1,204	-	2,408	1,328
Equipment rental	1,075	1,075	-	2,150	2,770
Board meetings expense	-	1,606	-	1,606	1,733
Advertising	775	775	-	1,550	790
Dues and subscriptions	563	563	-	1,126	1,044
Bad debt	984	-	-	984	4,554
Volunteer expense	940	-	-	940	1,340
Licenses & fees	428	428	-	856	899
Conferences & workshops	100	100	-	200	296
Bank charges	-	12	-	12	131
Subtotal	<u>617,263</u>	<u>150,750</u>	<u>3,721</u>	<u>771,734</u>	<u>670,664</u>
Depreciation	<u>18,263</u>	<u>18,262</u>	<u>-</u>	<u>36,525</u>	<u>33,158</u>
<b>TOTALS</b>	<u><u>\$ 635,526</u></u>	<u><u>\$ 169,012</u></u>	<u><u>\$ 3,721</u></u>	<u><u>\$ 808,259</u></u>	<u><u>\$ 703,822</u></u>

The accompanying notes are an integral part of these financial statements

**MEALS ON WHEELS OF ODESSA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**  
**(With comparative totals for 2017)**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from support and revenue	\$ 943,388	\$ 776,632
Cash paid for operating expenses	(763,020)	(669,216)
Interest received	5,811	4,169
	186,179	111,585
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposition of fixed assets	10,904	-
Purchases of property and equipment	(52,016)	(670)
	(41,112)	(670)
<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>		
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	145,067	110,915
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,827,070	1,716,155
<b>CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,972,137	\$ 1,827,070
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 159,453	\$ 82,596
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	36,525	33,128
Book (gain) loss on disposed assets	(10,904)	-
Change in Assets and Liabilities:		
(Increase) Decrease in receivables	(7,609)	(5,617)
Increase (Decrease) in accounts payable and accrued liabilities	8,714	1,448
	186,179	111,555
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 186,179	\$ 111,555

The accompanying notes are an integral part of these financial statements



**MEALS ON WHEELS OF ODESSA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Meals on Wheels of Odessa, Inc. (the Organization) is a non-profit corporation originally organized in the State of Texas in 1977. The Organization's purpose is to provide nutritional services for the elderly, disabled, and homebound citizens within Ector County. Support is provided from state and federal grants, United Way allocations, private and corporate contributions, and special event fundraising activities.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting consistent with generally accepted accounting principles applicable to voluntary health and welfare organizations in the United States of America.

Financial Statement Presentation

The Organization has adopted FASB ASC 958, whereby the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Estimates

The preparation 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income in 2018.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed. Management believes it is no longer subject to income tax examinations for years prior to 2015. Management asserts that the Organization did not undergo any IRS examinations in 2018 and none are in process through the date of this reports.

Cash & Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash in demand accounts, certificates of deposits, and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**MEALS ON WHEELS OF ODESSA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Grants & Accounts Receivable

Grants and accounts receivable are stated at net realizable value which is the amount management expects to collect from outstanding balances. Revenues and support under the grants and contracts are on a reimbursement basis where the Organization incurs expenses for meal programs and then subsequently bills and requests reimbursements from the granting agency or insurance company based on the rate approved in their respective contracts. Management considers all receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is necessary. Accounts will be charged to operations if they become uncollectible. Certain state and federal grant revenues are generally received and recognized on a cost-reimbursement basis. These are remitted monthly and are generally collected within a month of the request for reimbursement. Current receivables are reported in the statement of financial position.

Property and Equipment

Property and equipment of more than \$500 is recorded at cost for purchased property and fair market value at the date of acquisition for donated property. Property and equipment are depreciated using the straight-line method over the asset's estimated useful lives that range from 3 to 40 years. The cost of repairs and maintenance is charged to expense as incurred.

Donated Services & Materials

The Organization receives substantial amounts of donated materials and services from unpaid volunteers for fundraising events and program services. Only those that meet the criteria for recognition under FASB ASC 958, are recognized in the financial statements. No amounts have been reflected in the financial statements for materials and services for which no value has been assigned by the donor as those do not meet the criteria for recognition under FASB ASC 958.

Support & Revenue Recognition

The Organization has adopted FASB ASC 958, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under FASB ASC 958, all contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**MEALS ON WHEELS OF ODESSA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Summarized Comparative Information

The financial statements include summarized comparative information from the prior year, which is not presented by net asset class and does not include sufficient detail to conform with generally accepted accounting principles. This information should be read in conjunction with the Organization's 2017 financial statements from which the comparative information was derived.

**NOTE 2: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of August 31, 2018:

Land	\$ 15,000
Building	791,375
Furniture and fixtures	16,119
Office equipment	13,481
Machinery and equipment	80,930
Vehicles	114,199
Improvements	<u>41,373</u>
Total fixed assets	<u>1,072,477</u>
Less accumulated depreciation	<u>(421,074)</u>
Net fixed assets	<u><u>\$ 651,403</u></u>

Depreciation expense totaled \$36,525 in 2018.

**NOTE 3: COMMITMENTS AND CONTINGENCIES**

The Organization participates in government funded programs. In connection with contracts under these programs, the Organization is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the Organization has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. The Organization does not anticipate any such disallowances.

**NOTE 4: RELATED PARTY TRANSACTIONS**

The Organization may periodically conduct ordinary business with volunteers and board members. Management asserts that these transactions were consummated on terms equivalent to those in an arms-length transaction.

**MEALS ON WHEELS OF ODESSA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 5: AGENCY AFFILIATION AGREEMENT**

Pursuant to the agency affiliation agreement with the United Way of Odessa, the Organization must report their accounts payable balance and make representations on the status of their payroll tax deposits. Accounts payable consisted of the following as of August 31, 2018:

Odessa Regional Medical Center – Meals for program services	\$29,665
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The Organization’s payroll tax deposits were current as of and for the year ended August 31, 2018.

**NOTE 6: OPERATING LEASE**

In November 2017, the Organization entered into a new 36-month non-cancelable operating lease for a new copier machine. The annual rental expense under this lease totaled \$1,789 for the fiscal year ended August 31, 2018.

Future minimum lease payments under this lease are as follows for the fiscal years ending August 31:

2019	\$1,544
2020	1,544
2021	<u>1,158</u>
	<u>\$4,246</u>

**NOTE 7: CONCENTRATIONS**

Credit Risk: The Organization’s cash balances in financial institutions at times may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Vendors: The Organization purchases 100% of the daily regular meals from Odessa Regional Medical Center’s dietary department through an annual agreement between the parties.

**NOTE 8: RECENT ACCOUNTING PRONOUNCEMENTS**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers,” which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-14, “Revenue from Contracts with Customers (Topic 606) – Deferral of Effective Date,” which deferred the effective date for one year. Accordingly, this ASU will be effective for the Organization for the fiscal year beginning after December 15, 2018.

In February 2016, the FASB issued an accounting standards update (ASU 2016-02), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate and equipment. The ASU will require organizations that lease assets—referred to as “lessees”—to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Amendments to this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.

**MEALS ON WHEELS OF ODESSA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2018**

**NOTE 8: RECENT ACCOUNTING DEVELOPMENTS - continued**

In August 2016, the FASB issued an accounting standards update (ASU 2016-14) that will result in significant changes to the presentation of financial statements of not-for-profit entities. The main provisions are as follows: (1) eliminate requirement to present separately amounts for *temporarily restricted net assets* and *permanently restricted net assets*, (2) eliminate requirement to present separately the transactions and other changes in each of those classes of net assets, (3) eliminate requirement to present cash flows provided by operating activities using the indirect method of reporting, (4) present two net asset classes rather than the current three by reporting net assets with donor restrictions and without donor restrictions, (5) provide enhanced disclosures for: board designations and donor-imposed restrictions, liquidity, quantitative information on the availability of an NFP to meet cash needs within one year of balance sheet date, and (6) voluntary health and welfare organizations will no longer be required to provide a statement of functional expenses; rather, they can provide such information about expenses on the face of the statement of activities, as a separate statement, or in notes to financial statements. This Update is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of these updates.

**NOTE 9: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 22, 2019, the date with which the financial statements were available to be issued. No significant subsequent events have occurred that would require disclosure in the notes or recognition in the financial statements.



**Randy Silhan, CPA, CFE**  
**Certified Public Accountant**  
**Certified Fraud Examiner**



**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 Meals on Wheels of Odessa, Inc.

I 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 Meals on Wheels of Odessa, Inc. (the Organization), which comprise the statement of financial position as of August 31, 2018, 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 my report thereon dated April 22, 2019.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I 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 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.

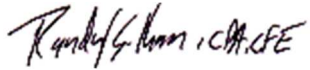
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 the Organization's financial statements are free from material misstatement, I 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, I do not express such an opinion. The results of my 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.

Handwritten signature of Randy G. Hoover, CPA, CFE.

Lubbock, Texas  
April 22, 2019