

MEALS ON WHEELS OF CONTRA COSTA, INC.

INDEPENDENT CERTIFIED AUDITOR'S REPORT

JUNE 30, 2022 and 2021

MEALS ON WHEELS OF CONTRA COSTA, INC.

Table of Contents

Independent Auditor's Report.....	1
Financial Statements:	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows	4
Schedule of Functional Expenses	5
Notes to Financial Statements	6

1022 E. DEEVIEW DRIVE
COVINA, CALIFORNIA 91724

INDEPENDENT AUDITOR'S REPORT

To the Board of Meals On Wheels of Contra Costa, Inc.

I have audited the accompanying financial statements of Meals On Wheels of Contra Costa, Inc. (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and schedule of functional expenses for the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

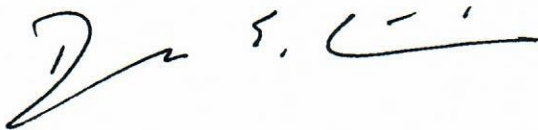
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 Contra Costa, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows, and schedule of functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Covina, California

January 30, 2023

MEALS ON WHEELS OF CONTRA COSTA, INC.**Statement of Financial Position****June 30, 2022 and 2021**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Cash and cash equivalents (Note 2)	\$ 1,239,096	\$ 1,745,276
Accounts receivable	-	24,389
Prepaid expenses	39,508	54,982
Investments - donor restricted (Notes 2 and 7)	88,886	91,990
Investments (Notes 5 and 6)	<u>3,709,451</u>	<u>3,616,216</u>
 Total assets	 <u>\$ 5,076,941</u>	 <u>\$ 5,532,853</u>
 Liabilities and Net Assets		
Liabilities		
 Accounts payable and accrued expenses	 <u>\$ 16,431</u>	 <u>\$ 518,724</u>
 Net Assets		
 Net Assets without donor restrictions	 4,971,624	 4,922,139
Net Assets with donor restrictions (Note 7)	<u>88,886</u>	<u>91,990</u>
 Total net assets	 <u>5,060,510</u>	 <u>5,014,129</u>
 Total liabilities and net assets	 <u>\$ 5,076,941</u>	 <u>\$ 5,532,853</u>

The accompanying notes are an integral part of these statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Statement of Activities

For the years ended June 30, 2022 and 2021

	June 30, 2022			June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total All Funds	Without Donor Restrictions	With Donor Restrictions	Total All Funds
Public support:						
Grants and donations (Note 2)	\$ 3,018,404	13,165	\$ 3,031,569	\$ 3,137,671	-	\$ 3,137,671
Revenue:						
Investment income, net	(653,682)	(16,269)	(669,951)	381,076	15,626	396,702
Total support and net revenue	2,364,722	(3,104)	2,361,618	3,518,747	15,626	3,534,373
Net assets released from donor restrictions	-	-	-	-	-	-
	2,364,722	(3,104)	2,361,618	3,518,747	15,626	3,534,373
Expenses:						
Program services:	1,743,264	-	1,743,264	1,609,643	-	1,609,643
Program support:						
Administration expenses	65,677	-	65,677	12,089	-	12,089
Fund raising expenses	506,296	-	506,296	471,481	-	471,481
Total program support	571,973	-	571,973	483,570	-	483,570
Total expenses	2,315,237	-	2,315,237	2,093,213	-	2,093,213
Net surplus	49,485	(3,104)	46,381	1,425,534	15,626	1,441,160
Net Assets, Beginning	4,922,139	91,990	5,014,129	3,496,605	76,364	3,572,969
Net Assets, Ending	\$ 4,971,624	\$ 88,886	\$ 5,060,510	\$ 4,922,139	\$ 91,990	\$ 5,014,129

The accompanying notes are an integral part of these statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.
Statement of Cash Flows (Note 7)
For the years ended June 30, 2022 and 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus	\$ 46,381	\$ 1,441,161
Adjustments to reconcile excess of support and revenue over expenses to cash flow from operating activities:		
Increase in accounts receivable	-	(24,389)
Decrease in accounts receivable	24,389	-
Increase in prepaid expenses	-	(54,982)
Decrease in prepaid expenses	15,474	-
Increase in accounts payable	-	512,996
Decrease in accounts payable	<u>(502,293)</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(416,049)	1,874,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments, net	(52,221)	(1,898,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	<u>-</u>	<u>-</u>
Increase (decrease) in cash	(468,270)	(23,418)
CASH AND CASH EQUIVALENTS - Beginning	<u>1,707,366</u>	<u>1,730,784</u>
CASH AND CASH EQUIVALENTS - Ending	<u><u>\$ 1,239,096</u></u>	<u><u>\$ 1,707,366</u></u>

The accompanying notes are an integral part of these statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.**Schedule of Functional Expenses****For the years ended June 30, 2022 and 2021**

	<u>Program Services</u>	<u>Administration Expenses</u>	<u>Fund-raising Expenses</u>	<u>Total June 30, 2022</u>	<u>June 30, 2021</u>
Bank charges		\$ 72	\$ 20,828	\$ 20,900	10,918
Copyright fees		-	-	-	1,637
Development and fundraising		-	-	-	207,800
Digital development		-	14,458	14,458	-
Direct mail		-	156,782	156,782	-
Email marketing		-	-	-	13,719
Events		-	741	741	-
Graphic design		-	-	-	12,010
Insurance		3,317	-	3,317	3,265
Licenses permits and fees		1,045	-	1,045	-
Lists		-	-	-	30,542
Meals and delivery	\$ 1,743,264	-	-	1,743,264	1,606,532
Miscellaneous	-	10,065	-	10,065	1,334
Office supplies	-	5,670	-	5,670	-
Personnel	-	-	116,007	116,007	-
Postage	-	-	110,203	110,203	101,080
Printing	-	-	-	-	96,235
Processing fees	-	-	16,298	16,298	-
Professional fees	-	22,930	70,979	93,909	5,000
Software / website	-	22,578	-	22,578	2,082
Training and conferences	-	-	-	-	1,059
Totals	<u>\$ 1,743,264</u>	<u>\$ 65,677</u>	<u>\$ 506,296</u>	<u>\$ 2,315,237</u>	<u>\$ 2,093,213</u>

The accompanying notes are an integral part of these statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – Nature of Organization

Non-profit activity

Meals on Wheels of Contra Costa, Inc. (the Organization) is a non-profit public benefit California corporation founded in 1990.

The Organization sponsors fund-raising and program activities, applies for and accepts grants from public and private agencies, businesses and individuals, on behalf and for the benefit of providing meals delivered to the homebound elderly of Contra Costa County through the Contra Costa Meals on Wheels Program, operated by the Contra Costa County Department of Health Services – Public Health Division. The Organization is governed by a Board of Directors composed of representatives from public and private agencies throughout Contra Costa County.

Income taxes and exempt status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state franchise or income tax under Section 23701d. The Organization is also registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California. Contributions to the Organization are tax deductible within the limits of prescribed law.

NOTE 2 – Summary of significant accounting policies

The financial statements of The Organization have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

The Organization is required to report information regarding its financial position and activities according to those assets without any donor restrictions, and those with donor restrictions. See Note 7 for information regarding assets with donor restrictions as of June 30, 2022 and 2021.

Cash and Cash Equivalents

For purposes of these statements, the Organization considers all short-term investments with original maturities of three months or less to be cash equivalents.

Support, Revenue and Expenses

Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Bequests are recorded as income at the time the Organization has an established right to the bequest and the proceeds are measurable. The Organization's policy is that bequests are measurable when actual proceeds are received. Expenses are recorded when incurred in accordance with the accrual basis of accounting

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 2 – Summary of significant accounting policies (continued)

Donated Services

Donated services are recorded at fair value at the date of contribution only if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended June 30, 2022 and 2021, there were no contributed services meeting the requirements for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising efforts which have not been included in these financial statements.

Allocation of Expenses

The costs of providing the various and supporting activities of the Organization have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting activities.

Use of 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 certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

Reclassification

Certain amounts reported in the June 30, 2021 and 2020 financial statements have been reclassified to conform to the June 30, 2022 and 2021 presentation.

NOTE 3 – Concentration of Risk

The Organization has cash deposits which exceed FDIC limits. However, management believes that the concentration of credit risk is low due to the quality of the financial institutions holding these funds.

NOTE 4 – Statement of Cash Flows

There was no interest expense for the years ended June 30, 2022 and 2021 nor was there any accrued interest at June 30, 2022 and 2021.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 5 – Investments

Investments are carried at fair value and are intended to provide income for the Organization's programs. The fair value of investments have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). Significant information about investments at June 30, 2022 is summarized as follows:

	<u>Market Value</u>
ETF's and CEF's	\$ 993,810
Mutual Funds	<u>2,715,641</u>
Total Investments	<u>\$ 3,709,451</u>

Significant information about investments at June 30, 2021 is summarized as follows:

	<u>Market Value</u>
Marketable securities	\$ 993,810
Fixed income/Preferred	<u>2,715,126</u>
Total Investments	<u>\$ 3,616,216</u>

NOTE 6 - Fair Value Measurement

Summary of Fair Value Measurement:

The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 6 - Fair Value Measurement (continued)

Level 1: Quoted prices in active markets for identical assets. Cash, checking, savings accounts and certificates of deposit are composed of funds invested in savings accounts and certificates of deposit at various institutions. Funds invested in checking, savings accounts and certificates of deposit are valued based on the value of the deposited funds and net investment earnings less withdrawal and late fees.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of the assets).

The following table provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

Assets:	Level 1	Level 2	Level 3
Investments	\$ 3,798,337	\$ 0	\$ 0

The following table provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2021:

Assets:	Level 1	Level 2	Level 3
Investments	\$ 3,708,206	\$ 0	\$ 0

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 7 – Donor Restricted Funds

Generally Accepted Accounting Principles (GAAP) establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, return of investment of those assets, or both to an entity that is specified by the donor. GAAP specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the Organization (donor) must account for the transfer of such assets as an asset and the recipient organization as a liability.

The Organization established one such designated fund during 2004 and has transferred a total of \$100,000 since inception to the East Bay Community Foundation (EBCF). As per the Designated Fund Agreement between the Organization and EBCF, the Organization granted variance power, and the Organization specified itself as the beneficiary. The fund may make distributions of up to 100% of its assets annually, net of fees. The distribution policy may be amended as agreed by the parties. The invested funds are reported on the statement of financial position as donor restricted funds and as donor restricted net assets. The Organization did not receive any distributions for the years ended June 30, 2022 and 2021.

Restricted funds on hand at June 30, 2022 and 2021 was \$88,887 and \$91,991 respectively.

NOTE 8 - Liquidity and Availability of Resources

As explained in Note 7, the Organization has received some donations that require they be used in a specific manner or for a specific purpose. The Organization must maintain sufficient resources to meet those donor commitments. As a result, the Organization has \$88,886 of investments that are included in net assets with donor restrictions that must be held to meet these donor commitments. These funds are not available for general expenditures in future periods.

The Organization has the following unrestricted financial assets available to meet cash needs for general expenditures, liabilities, and other obligations during the next fiscal year:

Cash and cash equivalents	\$ 1,239,096
Short-term investments	<u>3,709,451</u>
Total financial assets available	<u>\$ 4,948,547</u>

The Organization's liquidity management includes a policy to structure its financial assets to be available for general expenditures as they come due.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 9 – Subsequent Events

In preparing financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure thru January 30, 2023.

NOTE 10 – Novel Coronavirus (Covid 19)

In March 2021, the World Health Organization declared the novel coronavirus (Covid 19) a pandemic. There have been mandates from federal, state, and local authorities requiring temporary closure of various schools, businesses and other facilities and organizations. While there were no significant program closures or service disruptions during the years ended June 30, 2021 and June 30, 2022, the Organization did implement significant changes in program operations related to Covid 19 protocols as well as increased costs in operating during this pandemic. While these impacts are expected to be temporary, the continued spread of Covid-19 and its variants, and its impact on social interaction, travel, economic and financial markets may adversely affect the Organization's operations and financial condition.