

MEALS ON WHEELS OF CONTRA COSTA, INC.

Financial Statements

June 30, 2025

MEALS ON WHEELS OF CONTRA COSTA, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1-2
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	7-13

KEVIN LAM
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Board of Directors

Meals On Wheels of Contra Costa, Inc.

Martinez, California

Opinion

I have audited the accompanying financial statements of the Meals on Wheels of Contra Costa, Inc. (a California not-for-profit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Meals on Wheels of Contra Costa, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 of Contra Costa, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, I:

- 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 of Contra Costa, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels of Contra Costa, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

The financial statements of the Meals on Wheels of Contra Costa, Inc. as of and for the year ended June 30, 2024 were audited by other auditor whose opinion dated August 21, 2024, expressed an unmodified opinion on those statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kevin Lam

Kevin Lam CPA

May 25, 2026

MEALS ON WHEELS OF CONTRA COSTA, INC.

STATEMENT OF FINANCIAL POSITION

June 30,

ASSETS	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 746,300	\$ 420,653
Investments	4,615,221	4,361,945
Accounts receivable	20,088	7,108
Prepaid expenses	<u>16,156</u>	<u>17,900</u>
Total current assets	5,397,766	4,807,606
Fixed Assets		
Machinery and equipment	4,983	-
Other Assets		
Right-of-use assets, operating	59,238	75,644
Security deposit	<u>1,634</u>	<u>-</u>
Total other assets	60,872	75,644
Total assets	<u>\$ 5,463,622</u>	<u>\$ 4,883,250</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 418,506	\$ 756,455
Lease liability, operating	<u>60,290</u>	<u>75,644</u>
Total liabilities	478,796	832,099
NET ASSETS		
Without donor restriction	4,869,826	4,051,151
With donor restriction	<u>115,000</u>	<u>-</u>
Total net assets	4,984,826	4,051,151
Total liabilities and net assets	<u>\$ 5,463,622</u>	<u>\$ 4,883,250</u>

See accompanying notes and accountant's report

MEALS ON WHEELS OF CONTRA COSTA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30,

	2025			2024
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenue, gains and other support:				
Contribution	\$ 1,780,925	-	\$ 1,780,925	\$ 2,292,751
Foundation grants	511,963	\$ 226,750	738,713	-
Bequest	428,919	-	428,919	6,725
Interest income	327,933	-	327,933	429,294
Events	650	-	650	-
Realized gain (loss)	842	-	842	-
Unrealized gain (loss)	42,247	-	42,247	-
Other	12,245	-	12,245	-
Net assets released from restrictions	111,750	(111,750)	-	-
Total revenue, gains and other support	3,217,475	115,000	3,332,475	2,728,770
Expenses:				
Program services:				
Meal service	1,605,037		1,605,037	2,715,557
Support services:				
Administration	275,688		275,688	160,074
Fundraising	525,959		525,959	585,401
Total support services	801,647	-	801,647	745,475
Total expenses	2,406,684	-	2,406,684	3,461,032
Change in net assets	810,790	115,000	925,790	(732,262)
Net assets, beginning of year	4,051,151	-	4,051,151	4,783,413
Prior period adjustment	7,885		7,885	
As restated	4,059,036	-	4,059,036	4,783,413
Net assets, end of year	\$ 4,869,826	\$ 115,000	\$ 4,984,826	\$ 4,051,151

MEALS ON WHEELS OF CONTRA COSTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30,

	2025					2024
	Program Service	Supporting Services				Total
	Meal Service	Administration	Fundraising	Total	Total	Expenses
	Program	Expenses	Expenses	Supporting	Expenses	
				Services		
Bank charges	\$ -	\$ 27,771	\$ -	\$ 27,771	\$ 27,771	\$ 18,273
Background checks	1,711	-	-	-	1,711	408
Depreciation	-	555	-	555	555	
Digital development	-	-	22,530	22,530	22,530	19,250
Direct mail	-	-	133,207	133,207	133,207	158,839
Newsletter	-	-	25,340	25,340	25,340	-
Equipment	-	8,301	1,649	9,950	9,950	4,863
Events	-	-	-	-	-	34,797
Insurance	-	6,073	-	6,073	6,073	6,325
Licenses, permits, and fees	-	375	444	819	819	693
Meals and delivery	1,486,765	-	-	-	1,486,765	2,539,947
Membership and dues	-	1,611	199	1,810	1,810	1,737
Miscellaneous	-	75	-	75	75	23,092
Office supplies	-	1,047	203	1,250	1,250	3,973
Personnel	71,975	85,303	148,677	233,980	305,956	110,457
Postage	-	4,454	85,838	90,292	90,292	130,301
Processing fees	-	79	10,677	10,756	10,756	14,646
Professional fees	43,479	109,080	80,311	189,391	232,870	355,434
Rent	-	17,112	-	17,112	17,112	2,904
Software/website	669	4,947	16,287	21,234	21,903	24,517
Storage and moving	-	2,430	-	2,430	2,430	3,213
Training and conferences	295	150	244	394	689	1,875
Travel	-	1,412	-	1,412	1,412	3,516
Utilities	144	4,914	353	5,267	5,411	1,972
Total	\$ 1,605,037	\$ 275,688	\$ 525,959	\$ 801,647	\$ 2,406,684	\$ 3,461,032

MEALS ON WHEELS OF CONTRA COSTA, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 925,790	\$ (732,262)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	555	-
Stock contribution	(285,000)	
Decrease (increase) in assets:		
Accounts receivable	(13,103)	83,134
Prepaid expenses	1,744	3,611
Realized/unrealized gain/loss	(43,089)	-
Security deposit	(1,634)	-
Right-of-use assets, operating	16,406	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(328,486)	752,842
Lease liability, operating	<u>(15,354)</u>	<u>-</u>
Net adjustments	<u>(667,961)</u>	<u>839,587</u>
Net cash provided by operating activities	<u>257,829</u>	<u>107,325</u>
Cash flows from investing activities:		
Purchase of fixed assets	(5,538)	-
Proceeds from sales of investment	372,230	(399,759)
Reinvestment interest	<u>(298,873)</u>	<u>-</u>
Net cash provided by (used in) investing activities	67,819	(399,759)
Net increase (decrease) in cash and cash equivalents	325,649	(292,434)
Cash and cash equivalents:		
Beginning of year	420,653	713,087
End of year	<u>\$ 746,301</u>	<u>\$ 420,653</u>

See accompanying notes and accountant's report

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2025

1. Summary of Organization

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 Meals on Wheels of Contra Costa, Inc.'s 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.

2. Summary of Significant Accounting Policies

Method of Accounting

The Organization's assets, liabilities, and net assets are presented on the accrual basis of accounting.

Basis of Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities.

In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction - net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its corporate documents.

Net assets with donor restriction - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Pledges Receivable

Pledges receivable are stated at unpaid balances. Organization considers accounts receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Concentrations of Credit Risk Due to Temporary Cash Investments

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and grants and pledges receivable. The Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as support and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as support and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, 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. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as support and net assets without donor restrictions.

In-Kind Contributions

Donated services are recognized as contributions in accordance with SFAS No. 116, if the services (a) created or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2025

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions (continued)

Donated Property and Equipment – Donations of property and equipment 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 restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Lease

The Organization calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Functional Allocation of Expenses

The Statements of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible. General operating costs across nearly all natural categories are allocated on the basis of estimates of time and effort.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, prepaid expenses, other assets, accounts payable and accrued expenses, none of which are held for trading purposes, approximate the fair value due to the short-term nature of these instruments.

Program Revenues and Donations

The Organization receives grants and donations from individuals, grant funders, DAFs, and community groups.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Comparative Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

Income Taxes

The Organization is a public charity exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Tax Code Section 23701d. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. The Organization does not believe its financial statements include any uncertain tax positions.

3. Fair Value Measurements

Fair Value Hierarchy - Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date. Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability (including assumptions about risk), using the best information available in the circumstances, which may include using the reporting entity's own data.

Valuation Techniques and Inputs

Level 1 - Level 1 assets include investments in domestic and international equities and fixed income corporate bonds and notes for which quoted prices are readily available.

Level 2 - Level 2 assets include investments in cash and short-term investments (consisting primarily of money market funds) as these funds are not traded on a regular basis.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2025

3. Fair Value Measurements (continued)

Valuation Techniques and Inputs

Level 3 - Level 3 assets include beneficial interest in funds held by others for which quoted prices are not readily available. The fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (individual or entity specific estimates of cash flows). The fair values are measured at the present value of the future distributions the Organization expects to receive over the term of the agreements.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of June 30, 2025 based upon the three-level hierarchy:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS				
Cash and Short-Term Investments	\$ 1,039,044	\$ 1,039,044	-	-
Equity & Bond Funds	<u>4,322,077</u>	<u>4,322,077</u>	-	-
Total	\$ 5,361,521	\$ 5,361,52		

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025, comprise the following:

Financial assets:

Cash and cash equivalents	\$ 746,300
Accounts Receivable	20,088
Investments	<u>4,615,221</u>
Total financial assets	5,381,609
Less: financial assets held to meet donor-imposed restrictions	<u>(115,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,266,609</u>

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2025

4. Liquidity and Availability (continued)

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

5. Property and Equipment

Detail of cost and accumulated depreciation by major components are as follows:

Machinery & Equipment	\$ <u>5,538</u>
Less accumulated depreciation	<u>(555)</u>
	\$ <u>4,983</u>

6. Operating Leases

In November 2023 the Organization entered into a 64-month lease for office space beginning January 1, 2024 with an early possession date of November 15, 2023; an end date of April 30, 2029; and the first month's rent not due until May 1, 2024. Monthly rent starts at \$1,452 and increases every twelve months starting in the seventeenth month at approximately 3% per year. This lease provides for the base rent plus common area maintenance costs.

Weighted average lease term and discount rate as of June 30, 2025 were as follows:

Weighted average remaining lease term 3.33 years

Weighted average discount rate 5%

Year ending June 30,	
2026	\$ 18,040
2027	18,574
2028	19,138
2029	<u>9,804</u>

Total lease payment 65,556

Less: interest portion (5,266)

Present value of lease liability \$ 60,290

Lease expense for the year ended June 30, 2025 was \$16,060.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2025

7. Prior Period Adjustment – correction of errors

The year opening balances of net assets have been adjusted to reflect errors made in previously issued financial statements. Details are as follows:

Corrections to net assets	
Lease liability	\$ 7,885

8. Subsequent Events

In preparing these financial statements, Management has evaluated events and transactions for potential recognition or disclosure through May 25, 2026, the date the financial statements were available to be issued.