

MEALS ON WHEELS OF CONTRA COSTA, INC.

INDEPENDENT CERTIFIED AUDITOR'S REPORT

JUNE 30, 2023 and 2022

MEALS ON WHEELS OF CONTRA COSTA, INC.

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Independent Auditor's Report

To the Board of Directors of Meals on Wheels of Contra Costa, Inc.

Opinion

I have audited the 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, 2023 and 2022, and the related statements of activities, cash flows, and schedule of functional expenses for the years then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Meals on Wheels of Contra Costa Inc. as of June 30, 2023 and 2022, and the changes in its net assets, its cash flows, and its schedule of functional expenses 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

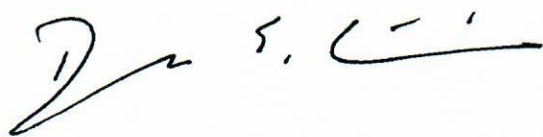
therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. E. Williams', with a stylized flourish at the end.

Douglas E. Williams, CPA

Covina, California

August 25, 2023

MEALS ON WHEELS OF CONTRA COSTA, INC.
Statement of Financial Position
June 30, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Assets		
Cash and cash equivalents (Note 2)	\$ 713,087	\$ 1,239,096
Accounts receivable	87,131	-
Prepaid expenses	21,511	39,508
Investments (Notes 5 and 6)	<u>3,962,184</u>	<u>3,798,337</u>
Total assets	<u>\$ 4,783,913</u>	<u>\$ 5,076,941</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 500	\$ 16,431
Net Assets		
Net Assets	<u>4,783,413</u>	<u>5,060,510</u>
Total liabilities and net assets	<u>\$ 4,783,913</u>	<u>\$ 5,076,941</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, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
	<u>Total All Funds</u>	<u>Total All Funds</u>
Public support:		
Grants and donations (Note 2)	\$ 2,342,217	\$ 3,031,569
Revenue:		
Investment income, net	<u>162,211</u>	<u>(669,951)</u>
Total support and net revenue	2,504,428	2,361,618
Net assets released from donor restrictions	<u>-</u>	<u>-</u>
	<u>2,504,428</u>	<u>2,361,618</u>
Expenses:		
Program services:	<u>2,192,133</u>	<u>1,743,264</u>
Program support:		
Administration expenses	77,866	65,677
Fund raising expenses	<u>511,526</u>	<u>506,296</u>
Total program support	<u>589,392</u>	<u>571,973</u>
Total expenses	<u>2,781,525</u>	<u>2,315,237</u>
Net surplus	(277,097)	46,381
Net Assets, Beginning	<u>5,060,510</u>	<u>5,014,129</u>
Net Assets, Ending	<u><u>\$ 4,783,413</u></u>	<u><u>\$ 5,060,510</u></u>

The accompanying notes are an integral part of these statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.
Statement of Cash Flows (Note 4)
For the years ended June 30, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus (deficit)	\$ (277,097)	\$ 46,381
Adjustments to reconcile excess of support and revenue over expenses to cash flow from operating activities:		
Increase in accounts receivable	(87,131)	-
Decrease in accounts receivable	-	24,389
Decrease in prepaid expenses	17,997	15,474
Decrease in accounts payable	<u>(15,931)</u>	<u>(502,293)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(362,162)	(416,049)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments, net	(163,847)	(52,221)
CASH FLOWS FROM FINANCING ACTIVITIES		
None	<u>-</u>	<u>-</u>
Increase (decrease) in cash	(526,009)	(468,270)
CASH AND CASH EQUIVALENTS - Beginning	<u>1,239,096</u>	<u>1,707,366</u>
CASH AND CASH EQUIVALENTS - Ending	<u><u>\$ 713,087</u></u>	<u><u>\$ 1,239,096</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, 2023 and 2022

	Program Services	Administration Expenses	Fund-raising Expenses	Total June 30, 2023	June 30, 2022
Bank charges			\$ 19,669	\$ 19,669	20,900
Background checks	\$ 1,530		-	1,530	-
Digital development	-		20,800	20,800	14,458
Direct mail	-		139,142	139,142	156,782
Equipment	-	\$ 10,034	-	10,034	-
Events	-	-	79	79	741
Insurance	-	2,957	-	2,957	3,317
Licenses permits and fees	-	433	-	433	1,045
Meals and delivery	2,108,538	-	-	2,108,538	1,743,264
Membership and dues	-	1,333	-	1,333	-
Miscellaneous	6,318	-	-	6,318	10,065
Office supplies	-	787	-	787	5,670
Personnel	-	-	59,805	59,805	116,007
Postage	-	-	124,311	124,311	110,203
Processing fees	-	-	12,008	12,008	16,298
Professional fees	75,000	52,000	117,235	244,235	93,909
Software / website	747	2,782	18,477	22,006	22,578
Storage and moving	-	1,968	-	1,968	-
Training and conferences	-	2,098	-	2,098	-
Travel	-	3,474	-	3,474	-
Totals	<u>\$ 2,192,133</u>	<u>\$ 77,866</u>	<u>\$ 511,526</u>	<u>\$ 2,781,525</u>	<u>\$ 2,315,237</u>

The accompanying notes are an integral part of these statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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.

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, 2023 and 2022

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, 2023 and 2022, 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, 2022 and 2021 financial statements have been reclassified to conform to the June 30, 2023 and 2022 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 and the types of investments held.

NOTE 4 – Statement of Cash Flows

There was no interest expense for the years ended June 30, 2023 and 2022 nor was there any accrued interest at June 30, 2023 and 2022.

MEALS ON WHEELS OF CONTRA COSTA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 is summarized as follows:

	<u>Market Value</u>
ETF's and CEF's	\$ 1,035,894
Mutual Funds	<u>2,926,290</u>
Total Investments	<u>\$ 3,962,184</u>

Significant information about investments at June 30, 2022 is summarized as follows:

	<u>Market Value</u>
ETF's and CEF's	\$ 993,810
Fixed income/Preferred	<u>2,804,527</u>
Total Investments	<u>\$ 3,798,337</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, 2023 and 2022

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.

The organization did not hold any Level II or Level III assets as of June 30, 2023 or 2022.

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, 2023:

Assets:	Level 1	Level 2	Level 3
Investments	\$ 3,962,184	\$ 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, 2022:

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

NOTE 7 - Liquidity and Availability of Resources

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	\$ 713,087
Accounts receivable	87,131
Short-term investments	<u>3,864,124</u>
Total financial assets available	<u>\$ 4,664,342</u>

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

NOTE 8 – Subsequent Events

In preparing financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure thru August 25, 2023.