

**MEALS ON WHEELS DIABLO REGION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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INTRODUCTORY SECTION

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MEALS ON WHEELS DIABLO REGION
Financial Statements
For the Years Ended June 30, 2023 and 2022

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Meals on Wheels Diablo Region
Contra Costa County, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Meals on Wheels Diablo Region (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, respectively, 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 Diablo Region as of June 30, 2023 and 2022, respectively, 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 Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels Diablo Region and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 the 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 the Organization'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

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 auditor's 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 and *Government 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 and *Government 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 the Organization'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 the Organization'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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2024, on our consideration of the Meals on Wheels Diablo Region's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Meals on Wheels Diablo Region's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
March 18, 2024

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**MEALS ON WHEELS DIABLO REGION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 3)	\$736,337	\$374,082
Contracts receivable	412,448	399,520
Grants receivable	200,000	-
Prepaid expenses	40,855	35,221
Total Current Assets	1,389,640	808,823
Property and equipment, net (Note 5)	796,092	520,901
Other Assets:		
Investments (Note 4)	4,119,813	3,563,497
Total Other Assets	4,119,813	3,563,497
TOTAL ASSETS	\$6,305,545	\$4,893,221
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$115,934	\$46,161
Deferred Revenue (Note 11)	560,000	-
Accrued liabilities	659,798	149,809
Total Current Liabilities	1,335,732	195,970
TOTAL LIABILITIES	1,335,732	195,970
Net Assets (Note 2E)		
With donor restrictions:	200,000	-
Without donor restrictions:		
Designated (Note 6)	-	171,280
Undesignated	4,769,813	4,525,971
Total Net Assets	4,969,813	4,697,251
TOTAL LIABILITIES AND NET ASSETS	\$6,305,545	\$4,893,221

See accompanying notes to financial statements

**MEALS ON WHEELS DIABLO REGION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
REVENUES AND SUPPORT				
Government contracts and grants	\$2,764,488		\$2,764,488	\$2,285,155
Foundations and corporations	669,194		669,194	847,520
Contributions and bequests	1,413,035	\$200,000	1,613,035	1,221,582
Special events, net (Note 6)	133,358		133,358	144,220
Net investment income (Note 4)	57,327		57,327	(31,570)
In-kind food contributions (Note 2M)	3,243,753		3,243,753	2,967,645
Miscellaneous	1,737		1,737	144
	<u>8,282,892</u>	<u>200,000</u>	<u>8,482,892</u>	<u>7,434,696</u>
Total Revenue and Support				<u>7,434,696</u>
EXPENSES				
Program services	7,649,255		7,649,255	6,661,958
Supporting services:				
Management and general	292,247		292,247	243,737
Fundraising	268,828		268,828	205,761
Total Supporting Services	561,075		561,075	449,498
Total Expenses	8,210,330		8,210,330	7,111,456
Changes in net assets	72,562	200,000	272,562	323,240
Net assets at beginning of year	4,697,251		4,697,251	4,374,011
Net assets at end of year	<u>\$4,769,813</u>	<u>\$200,000</u>	<u>\$4,969,813</u>	<u>\$4,697,251</u>

See accompanying notes to financial statements

**MEALS ON WHEELS DIABLO REGION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	PROGRAM SERVICES					SUPPORTING SERVICES				Totals
	Cafes	Case Management	Fall Prevention	MOW	Other Program Services *	Total Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries and related	\$343,628	\$290,084	\$235,421	\$1,113,191	\$593,666	\$2,575,990	\$174,465	\$161,342	\$335,807	\$2,911,797
Interest	-	-	-	696	-	696	-	-	-	696
Volunteer and travel	5,403	9,787	1,161	16,241	12,283	44,875	1,845	1,307	3,152	48,027
Printing and publication	7,567	8,216	6,034	34,903	19,065	75,785	6,351	6,381	12,732	88,517
Depreciation and amortization	8,525	8,756	5,722	32,427	12,358	67,788	9,017	-	9,017	76,805
Repairs and maintenance	2,078	2,236	1,466	24,465	3,790	34,035	1,099	1,099	2,198	36,233
Professional/outside services	34,419	35,376	23,111	135,624	49,223	277,753	29,486	25,768	55,254	333,007
Utilities	849	872	570	3,231	1,231	6,753	449	449	898	7,651
Insurance	7,458	8,927	5,836	31,922	12,427	66,570	(1,812)	3,926	2,114	68,684
Workers' comp. insurance	4,822	4,952	3,236	18,342	6,990	38,342	2,550	2,550	5,100	43,442
Telephone	6,228	5,656	3,370	20,755	9,403	45,412	2,642	2,642	5,284	50,696
Office	23,081	27,064	18,609	95,378	33,933	198,065	17,057	16,314	33,371	231,436
Postage	1,643	1,700	1,172	6,250	2,382	13,147	1,130	1,130	2,260	15,407
Property tax	-	-	-	-	-	-	2,495	-	2,495	2,495
Program expenses	40,322	36,857	218,459	596,234	46,588	938,460	(162)	(1,365)	(1,527)	936,933
Donated food (Note 2M)	369,078	-	-	2,874,675	-	3,243,753	-	-	-	3,243,753
Other expenses	3,489	2,514	2,162	9,385	4,281	21,831	45,635	47,285	92,920	114,751
Total Functional Expenses	\$858,590	\$442,997	\$526,329	\$5,013,719	\$807,620	\$7,649,255	\$292,247	\$268,828	\$561,075	\$8,210,330

* Includes the Friendly Visitor & SNAP-Ed programs.

See accompanying notes to financial statements

**MEALS ON WHEELS DIABLO REGION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	PROGRAM SERVICES						SUPPORTING SERVICES			Totals
	Cafes	Case Management	Fall Prevention	MOW	Other Program Services *	Total Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries and related	\$301,676	\$329,896	\$196,929	\$1,177,575	\$532,100	\$2,538,176	\$142,286	\$142,286	\$284,572	\$2,822,748
Interest	1,247	1,624	1,062	5,779	2,246	11,958	655	654	1,309	13,267
Volunteer and travel	2,239	3,805	781	26,900	17,711	51,436	4,342	862	5,204	56,640
Printing and publication	3,697	3,158	2,065	11,555	5,801	26,276	1,586	1,514	3,100	29,376
Depreciation and amortization	5,068	6,081	4,561	23,819	8,615	48,144	1,520	1,014	2,534	50,678
Repairs and maintenance	3,192	1,928	1,230	10,641	2,506	19,497	758	757	1,515	21,012
Professional/outside services	12,981	15,865	9,752	57,126	20,467	116,191	24,940	11,454	36,394	152,585
Utilities	1,162	1,504	978	5,263	2,067	10,974	607	606	1,213	12,187
Insurance	5,732	7,467	4,883	26,234	10,324	54,640	2,101	2,101	4,202	58,842
Workers' comp. insurance	4,835	6,208	3,941	21,218	8,270	44,472	(8,395)	2,463	(5,932)	38,540
Telephone	4,395	4,930	3,022	16,435	7,487	36,269	1,769	1,769	3,538	39,807
Office	12,241	17,373	10,995	56,320	20,907	117,836	41,553	11,210	52,563	170,399
Postage	1,387	1,791	1,132	7,815	2,394	14,519	1,056	711	1,767	16,286
Property tax	4	5	3	17	7	36	2,754	2	2,756	2,792
Program expenses	28,703	13,207	126,402	387,412	40,856	596,580	218	179	397	596,977
Donated food (Note 2M)	419,157	-	-	2,548,488	-	2,967,645	-	-	-	2,967,645
Other expenses	836	979	685	3,554	1,255	7,309	26,187	28,179	54,366	61,675
Total Functional Expenses	\$808,552	\$415,821	\$368,421	\$4,386,151	\$683,013	\$6,661,958	\$243,737	\$205,761	\$449,498	\$7,111,456

* Includes the Friendly Visitor & SNAP-Eld programs.

See accompanying notes to financial statements

**MEALS ON WHEELS DIABLO REGION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$272,562	\$323,240
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Forgiven loan from SBA	-	(359,197)
Changes in operating assets and liabilities:		
Increase in deferred revenue	560,000	-
(Increase) in grants receivable	(200,000)	-
Depreciation	76,805	50,678
Net unrealized (gain) loss on investments	(57,327)	55,539
Decrease (increase) in contracts receivable	(12,928)	15,614
Decrease (increase) in prepaid expenses	(5,634)	12,643
(Decrease) increase in accounts payable	69,773	(64,269)
Increase (decrease) in accrued liabilities	509,989	(43,815)
Total Adjustments	940,678	(332,807)
Net Cash Provided (Used) by Operating Activities	1,213,240	(9,567)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property	(351,996)	(70,753)
(Purchases)/redemptions of investments	(498,989)	651,335
Net Cash (Used) Provided by Investing Activities	(850,985)	580,582
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payment on mortgage payable	-	(367,626)
Net Cash (Used) by Financing Activities	-	(367,626)
NET INCREASE IN CASH AND CASH EQUIVALENTS	362,255	203,389
Cash and cash equivalents, beginning of year	374,082	170,693
Cash and cash equivalents, end of year	\$736,337	\$374,082
Supplemental information:		
Cash payments for mortgage interest	\$696	\$13,267
Non-cash activity: Value of donated meals	\$3,243,753	\$2,967,645

See accompanying notes to financial statements

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**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 1 – REPORTING ENTITY

Reporting Entity and Nature of Activities

Meals on Wheels Diablo Region (Organization), a California nonprofit organization, provides supportive services at no charge to seniors residing in Contra Costa County, California. The Organization’s mission is to enhance the quality of life for older adults through an umbrella of vital services. The Organization provides the following programs:

Cafes-

Provides lunch in a social setting at seven Contra Costa County sites.

Case Management-

Works with older adults and their families to assess needs and provide solutions to a myriad of issues including the prevention of elder abuse.

Fall Prevention-

Provides seniors with assistance in reducing preventable injuries, loss of independence, costs and deaths associated with falls through a variety of home inspections and modifications and balance-focused exercise programs.

Meals on Wheels-

Delivers meals to the homebound, frail individuals unable to shop or cook for themselves.

Other Program Services-

Provides companionship to isolated, primarily frail and elderly Contra Costa County residents through the Friendly Visitor and Friendly Caller volunteers and provides health education through the CalFresh Healthy Living to seniors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments which are not managed as part of long-term investment strategies. Separate bank accounts are maintained for the Meals on Wheels and Cafes Programs as specified in the contracts.

C. Concentration of Credit Risk

The Federal Deposit Insurance Corporation (“FDIC”) insures account balances at each insured institution. The Organization maintains deposit accounts with financial institutions and frequently carries balances that exceed FDIC insurance limits. At various times during the year, cash at these institutions could exceed federally insured limits. Cash and cash equivalents at June 30, 2023 and 2022, respectively, consisted of a checking and savings account. The balance at June 30, 2023 and June 30, 2022 were in excess of the Federal Deposit Insurance Corporation amount in total by \$306,391 and \$46,114, respectively. The Organization has not experienced any losses on its FDIC-insured accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

D. Estimates

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

E. Net Asset Classifications

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions: Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2023 and 2022, the Organization held \$200,000 and \$0, respectively, with donor-imposed stipulated time restrictions.

F. Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, 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 association under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income in the years ended June 30, 2023 and 2022, respectively.

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization tax returns remain open for federal income tax examination for three years from the date of filing.

G. *Functional Allocation of Expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage. For certain such expenses, such as payroll costs, these estimates are based on time incurred in different activities. For other indirect expenses, an allocation has been made based upon salaries paid for each program.

H. *Fair Value Measurements*

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include 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, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

I. Program Revenues and Donations

The Organization receives grant and contract support primarily from the U.S. Departments of Health and Human Services and Housing and Urban Development which are passed through Contra Costa County. In addition, certain clients provide voluntary contributions for the meals provided to them. The Organization also receives various contributions, including unconditional promises to give, which are recognized when received. All contributions are available for unrestricted use unless specifically restricted by donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

In addition, Contra Costa County provides meals for the Organization's Meals on Wheels and Café programs. The value of the meals provided during the years ended June 30, 2023 and 2022 were approximately \$3,243,753 and \$2,967,645, respectively, in donated meals.

J. Contracts Receivable

Contracts receivable include amounts due from public services grantors. All amounts are considered by management to be collectible within one year.

K. Bad Debts

The Organization uses the direct write-off method to recognize bad debt expense.

L. Property and Equipment

Property and equipment are recorded at cost and contributed assets are carried at fair value at the date of the donation. The Organization capitalizes assets with a cost greater than \$500 and a life expectancy more than one year. Depreciation is provided on the straight-line method over estimated useful lives ranging from 5 to 30 years. Major additions and improve or extend the life of the respective assets are expensed when incurred. When assets are disposed, the related cost and accumulated depreciation are removed from the respective accounts. Any gain or loss on an item disposed is reflected in operating results.

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. In-kind Contributions

The Organization recognizes the fair value of donated services if the services meet the recognition criteria which include a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. During the years ended June 30, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

The Organization is dependent upon services provided by volunteers. These services do not meet the recognition criteria. For the year ended June 30, 2023, an estimated 480 volunteers donated approximately 42,148 hours of service to sustain program activities. For the year ended June 30, 2022, an estimated 916 volunteers donated approximately 16,237 hours of service.

Donations of food are recorded at their fair values on the Statement of Activities and Statement of Functional Expenses in the period received. The fair value of the donated food was established by the donating/granting agency based on the price to serve a single meal. The total number of meals donated in 2023 and 2022 were 646,848 and 544,822, respectively. The fair value of the donated meals in 2023 and 2022 amount to \$3,247,753 and \$2,967,645, respectively.

N. Lease Accounting

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of the existing contract are changed. The Organization's policy is to recognize leases in excess of \$50,000. Lease liabilities and a right-of-use (ROU) asset are recognized at the commencement date of the lease. The lease liability is initially recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a discount rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its incremental borrowing rate. As of June 30, 2023 the implementation of the FASB did not have a material impact to the Organization, none of their leases fit the threshold that was established.

O. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through March 18, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events occurred since June 30, 2023 that requires recognition or disclosure in the financial statements.

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash in banks	\$736,134	\$373,880
Petty cash	203	202
Total	<u>\$736,337</u>	<u>\$374,082</u>

NOTE 4 – INVESTMENTS

Investments consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Equity securities	\$76,735	\$80,417
Money market fund	1,080,767	373,554
Certificates of deposit	2,962,311	3,109,526
Total	<u>\$4,119,813</u>	<u>\$3,563,497</u>

All investments of the Organization are valued at quoted market prices in active markets and valued using Level 1 inputs. The valuation methodologies used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management 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 fair value measurement at the reporting date.

Net investment income for the years ended June 30, consist of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$31,119	\$8,264
Realized gains (losses)	2,125	15,705
Unrealized gains (losses)	24,083	(55,539)
Total	<u>\$57,327</u>	<u>(\$31,570)</u>

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Land (Non-depreciable)	\$213,624	\$213,624
Building	915,883	915,883
Office furniture and equipment	142,625	139,994
Vehicles	501,921	152,556
Total assets	<u>1,774,053</u>	<u>1,422,057</u>
Less: Accumulated depreciation	<u>(977,961)</u>	<u>(901,156)</u>
Net Property and Equipment	<u><u>\$796,092</u></u>	<u><u>\$520,901</u></u>

Depreciation expense amounted to \$76,805 and \$50,678 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 – SPECIAL EVENTS

The Organization holds various fundraising events during the year. The results of these events are as follows for fiscal years ending June 30:

	<u>2023</u>	<u>2022</u>
Income	\$208,234	\$200,517
Less: Direct Expenses	<u>(74,876)</u>	<u>(56,297)</u>
Total	<u><u>\$133,358</u></u>	<u><u>\$144,220</u></u>

NOTE 7 – LEASE OBLIGATIONS

The Organization leases office space in Walnut Creek, classified as an operating lease. The lease commenced on October 31, 2022 and went month-to-month in August 2023. Total monthly rent for the year ended June 30, 2023, was \$90,000.

NOTE 8 – RETIREMENT PLAN

The Organization has adopted a 401(k) Retirement Plan in which all employees are eligible for salary deferrals. The Organization provides a match contribution of 100% of employee elective deferrals (not to exceed 4% of total compensation) for employees who are at least 18 years of age, have worked for the Organization for more than three months, and who worked a minimum of 1,000 hours per year. Matching contributions begin to vest after two years and are 100% vested at three years. Effective July 1, 2021, the Organization has adopted the policy that matching contributions will vest after three years instead of two years.

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at June 30:

	2023	2022
Total current financial assets:		
Cash and cash equivalents	\$736,337	\$374,082
Contracts receivable	412,448	399,520
Investments	4,119,813	3,563,497
Total current financial assets	5,268,598	4,337,099
Contractual or donor-imposed restrictions:		
Donor imposed time restriction	(200,000)	-
Board-designated funds	-	(171,280)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$5,068,598	\$4,165,819

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Contingent Grant Liabilities

The Organization’s federal and State grant programs are subject to be audited by its auditors in accordance with the provisions of the Federal Single Audit Act, as amended, and applicable State requirements. The Organization expects any disallowances that might result to be immaterial.

Property Fire

On September 24, 2022 the Organizations main office building sustained an electrical fire, rendering the building unusable for the foreseeable future. The fire temporarily disrupted the fiscal procedures delaying the work done by the Staff, but they are now up to date. The organization has rented a building an office space for the time being as noted in NOTE 7.

NOTE 11 – DEFERRED REVENUE

The Organization obtains cost-reimbursement government grants and contracts from various government agencies. Under the terms of these agreements, funds are advanced to finance programs expenditures and are conditional on performance of the agreement. Deferred revenue constitutes the amount of government contracts and grants awarded in which allowable program expenditures have not been incurred. As of June 30, 2023 and 2022, total deferred revenue amounted to \$560,000 and \$0, respectively, in support of the Breakfast Bag & Cultural Cuisine Program.

**MEALS ON WHEELS DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022**

NOTE 12 – GOVERNMENT FINANCIAL ASSISTANCE

Grant revenues for the year ended June 30 are as follows:

U.S. Department of Health and Human Services

Passed through CA Department of Aging:	2023	2022
Used for the following programs:		
Fall Prevention	\$161,823	\$134,340
Fall Prevention - ARPA	38,594	-
Friendly Callers	31,812	-
Friendly Callers - ARPA	31,262	-
Friendly Visitors	51,125	135,462
Friendly Visitors - ARPA	34,545	-
Senior Nutrition	1,953,213	1,124,950
Elder Abuse	94,210	93,841
CalFresh Healthy Living	164,435	109,236
Subtotal	2,561,019	1,597,829

U.S. Department of Housing and Urban Development

Passed through:	2023	2022
City of Antioch - CDBG	20,000	21,670
City of Concord - CDBG	20,001	20,000
City of Walnut Creek - CDBG	28,320	24,000
Contra Costa County - CDBG	33,999	68,805
Subtotal	102,320	134,475

U.S. Department of Treasury

Passed through:	2023	2022
City of Antioch - ARPA	-	25,000
City of Brentwood - ARPA	-	2,500
Town of Danville -ARPA	-	100,000
City of Oakley - ARPA	15,000	-
Other - ARPA	-	5,000
Subtotal	15,000	132,500

City and County Grants

	2023	2022
Los Medanos Community Health District	39,600	9,957
Concord/Pleasant Hill Health Care District (CPHHCD)	21,600	24,000
Contra Costa County (Keller Canyon Fund)	20,000	20,000
Senior Nutrition	-	6,000
City of San Pablo	200	1,200
Subtotal	81,400	61,157
Total	\$2,759,739	\$1,925,961

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
Meals on Wheels Diablo Region
Contra Costa County, California

In planning and performing our audit of the financial statements of the Meals on Wheels Diablo Region as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we 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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management and the Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
March 18, 2024

**MEALS ON WHEELS DIABLO REGION
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2023**

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MEALS ON WHEELS DIABLO REGION

REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2023

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REQUIRED COMMUNICATIONS

To the Board of Directors of
Meals on Wheels Diablo Region
Contra Costa County, California

We have audited the financial statements of the Meals on Wheels Diablo Region for the year ended June 30, 2023 and issued our report dated March 18, 2024. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the Executive Director dated October 16, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except as follows:

FASB Accounting Standards Update Number 2016-02, *Leases*. The Update became effective, and as disclosed in Notes 2 to the financial statements, requires entities to recognize right-of-use assets and lease obligation liabilities on the Statement of Financial Position.

The Organization's lease of office equipment and property is subject to this FASB Update, however, management has established a threshold of \$50,000 for recording leases on the statement of financial position. The Organization's lease of office equipment and property is well below this threshold, and therefore, has not been recorded on the statement of financial position.

Unusual Transactions, Controversial or Emerging Areas - We noted no transactions entered by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates - Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Organization's financial statements is its estimate of depreciation and allocation of functional expenses to Management & General and Fundraising.

Estimated Allocation of Functional Expenses: Management’s estimate of the allocations of expenses between programs, management and general, and fundraising, is disclosed in Note 2G to the financial statements. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Estimate of Depreciation: Management’s estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 2L to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Disclosures - The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated March 18, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee, Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maz & Associates

Pleasant Hill, California
March 18, 2024

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