

**COMMUNITY SENIORSERV, INC.  
DBA: MEALS ON WHEELS  
ORANGE COUNTY**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2021 AND 2020**

**WITH INDEPENDENT AUDITORS' REPORT**



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**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community SeniorServ, Inc. dba: Meals on Wheels Orange County  
Anaheim, California

We have audited the accompanying financial statements of Community SeniorServ, Inc. dba: Meals on Wheels Orange County (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, changes in net assets, cash flows, and functional expenses (including corresponding revenues) for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community SeniorServ, Inc. dba: Meals on Wheels Orange County as of June 30, 2021 and 2020, 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.

## **Other Information**

The financial statements of Community SeniorServ, Inc. dba: Meals on Wheels Orange County as of June 30, 2020 were audited by other auditors whose report, dated October 26, 2020, expressed an unqualified opinion on those statements.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September xx, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
October 20, 2021

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 17,646,056	\$ 4,095,489
Accounts, grants, and awards receivable	2,192,050	1,709,215
Inventory	362,119	327,989
Prepaid expenses	18,437	52,345
Board-designated restricted cash and investments	2,425,964	2,265,287
Total Current Assets	22,644,626	8,450,325
Property, Plant, and Equipment:		
Land	800,492	500,000
Building and improvements	4,202,475	2,521,628
Equipment, furniture and fixtures, vehicles and website	4,154,639	3,953,517
Construction in progress	5,556	-
Total Property, Plant, and Equipment, at Cost	9,163,162	6,975,145
Less: Accumulated depreciation	(4,504,977)	(4,376,465)
Property, Plant, and Equipment, at Net Book Value	4,658,185	2,598,680
Other Assets:		
Deposits	5,034	21,043
Debt service restricted cash	166,725	166,725
Total Other Assets	171,759	187,768
Total Assets	\$ 27,474,570	\$ 11,236,773

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

**LIABILITIES AND NET ASSETS**

	2021	2020
Current Liabilities:		
Accounts payable	\$ 731,036	\$ 1,147,117
Accrued liabilities	1,299,107	1,093,978
Note payable, current portion	210,920	140,833
Total Current Liabilities	2,241,063	2,381,928
Long-Term Liabilities:		
Note payable, net of current portion	1,444,770	215,417
Total Long-Term Liabilities	1,444,770	215,417
Total Liabilities	3,685,833	2,597,345
Net Assets:		
Without donor restrictions	23,714,613	8,500,612
With donor restrictions	74,124	138,816
Total Net Assets	23,788,737	8,639,428
Total Liabilities and Net Assets	\$ 27,474,570	\$ 11,236,773

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
Support and Revenues Without Donor Restrictions:		
Community Support:		
Grants and awards	\$ 48,697,544	\$ 9,830,900
Contributions and donations	308,638	443,587
Department of Education meal revenues	-	126,146
Direct mail and fundraising revenues	1,525,943	1,145,982
In-kind services	372,979	863,294
Participant fees	-	112,993
	50,905,104	12,522,902
Total Community Support		
Revenues:		
Sales of food products	1,745,038	2,309,004
Insurance/government reimbursements	4,125,042	3,075,073
Investment income, net	185,367	85,619
Other income	232,292	107,499
	6,287,739	5,577,195
Total Revenues		
Net Assets Released from Restriction	819,232	762,025
Total Support and Revenues	58,012,075	18,862,122
Expenses (See Statements of Functional Expenses)	42,798,074	17,283,094
Increase in Net Assets Without Donor Restrictions	15,214,001	1,579,028
With Donor Restrictions:		
Grants and awards	754,540	733,420
Funds released for expenditures	(819,232)	(762,025)
	(64,692)	(28,605)
Decrease in Net Assets with Donor Restrictions		
Increase in Total Net Assets	\$ 15,149,309	\$ 1,550,423

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets – June 30, 2019	\$ 6,921,584	\$ 167,421	\$ 7,089,005
Increase (Decrease) in Net Assets, Year Ended June 30, 2020	<u>1,579,028</u>	<u>(28,605)</u>	<u>1,550,423</u>
Net Assets – June 30, 2020	8,500,612	138,816	8,639,428
Increase (Decrease) in Net Assets, Year Ended June 30, 2021	<u>15,214,001</u>	<u>(64,692)</u>	<u>15,149,309</u>
Net Assets – June 30, 2021	<u>\$ 23,714,613</u>	<u>\$ 74,124</u>	<u>\$ 23,788,737</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Increase in Total Net Assets	\$ 15,149,309	\$ 1,550,423
Noncash Items Included in Increase in Total Net Assets:		
Depreciation	298,822	272,454
Loss on disposal of equipment	66,980	476
Realized and unrealized gains on investments	(119,908)	(56,039)
Changes in:		
Accounts, grants, and awards receivable	(482,835)	(166,760)
Inventory	(34,130)	(134,018)
Prepaid expenses	33,908	30,295
Deposits	16,009	2,291
Accounts payable	(416,081)	669,704
Accrued liabilities	205,129	(1,754)
Net Cash, Cash Equivalents, and Restricted Cash Provided by Operating Activities	<u>14,717,203</u>	<u>2,167,072</u>
Cash Flows from Investing Activities:		
Purchase of equipment	(2,425,307)	(195,999)
Purchases of investments	-	(2,058,595)
Sales of investments	-	2,062,931
Reinvested dividends and interest	(40,769)	(38,645)
Net Cash, Cash Equivalents, and Restricted Cash Used in Investing Activities	<u>(2,466,076)</u>	<u>(230,308)</u>
Cash Flows from Financing Activities:		
Payments on note payable	(190,560)	(132,917)
Issuance of new note payable	1,490,000	-
Net Cash, Cash Equivalents, and Restricted Cash Provided by (Used in) Financing Activities	<u>1,299,440</u>	<u>(132,917)</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	13,550,567	1,803,847
Cash, Cash Equivalents, and Restricted Cash – Beginning of Year	<u>4,262,214</u>	<u>2,458,367</u>
Cash, Cash Equivalents, and Restricted Cash – End of Year	<u>\$ 17,812,781</u>	<u>\$ 4,262,214</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 41,695</u>	<u>\$ 41,455</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES)**  
**YEAR ENDED JUNE 30, 2021**

	Title III Services								Santa Ana VIP Center	
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Adult Day Care Program	Case Management Program	Transportation Program	In-Home Support Services	Temp. Meal Program	Orange County Health Care Agency		District 4
<b>Support and Revenues Without Donor:</b>										
Restrictions:										
Community Support:										
Grants and awards	\$ 5,563,621	\$ 3,967,915	\$ 195,691	\$ 273,375	\$ 280,458	\$ 214,469	\$ 37,467,339	\$ 733,076	\$ -	\$ -
Contributions and donations	143,342	147,283	-	16,609	89	1,115	200	-	-	-
Department of Education meal revenues	-	-	-	-	-	-	-	-	-	-
Direct mail and fundraising revenues	2,500	-	-	-	-	-	-	-	-	-
In-kind services	63,049	244,821	-	3,230	41,337	17,451	-	-	-	-
Participant fees	-	-	-	-	-	-	-	-	-	-
<b>Total Community Support</b>	<b>5,772,512</b>	<b>4,360,019</b>	<b>195,691</b>	<b>293,214</b>	<b>321,884</b>	<b>233,035</b>	<b>37,467,539</b>	<b>733,076</b>	<b>-</b>	<b>-</b>
Revenues:										
Sales of food products	-	-	-	-	-	-	-	-	-	-
Insurance/government reimbursements	-	-	-	-	-	-	-	-	1,443,573	1,177,345
Investment income, net	-	-	-	-	-	-	-	-	-	-
Other income	339,614	2,725	-	-	-	-	-	-	-	5,949
<b>Total Revenues</b>	<b>339,614</b>	<b>2,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,443,573</b>	<b>1,183,294</b>
<b>Net Assets Released from Restriction</b>	<b>545,059</b>	<b>118,638</b>	<b>7,014</b>	<b>-</b>	<b>-</b>	<b>5,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,186</b>
<b>Total Support and Revenues Without Donor Restrictions</b>	<b>6,657,185</b>	<b>4,481,382</b>	<b>202,705</b>	<b>293,214</b>	<b>321,884</b>	<b>238,945</b>	<b>37,467,539</b>	<b>733,076</b>	<b>1,443,573</b>	<b>1,263,480</b>
<b>Expenses:</b>										
Program Expenses:										
Contract expenses	1,152,876	999,256	18,068	13,362	168,070	122,505	134,015	4,419	8,755	46,427
Food and supply costs	3,375,742	1,489,391	20,927	64,215	62,681	34,828	23,001,750	476,084	1,355,139	5,921
In-kind services	63,049	244,821	-	3,230	41,337	17,451	-	-	-	-
Insurance	197,042	153,228	15,463	14,863	4,788	4,784	42,888	2,839	2,495	52,817
Other program expenses	40,512	37,536	2,846	2,535	1,104	1,151	12,728	376	859	11,502
Personnel expense	1,730,034	1,320,123	135,465	130,235	38,276	41,217	334,184	26,949	25,092	474,041
Transportation and travel	10,124	31,562	182	156	23	31	42	6	3	1,629
Vehicle and fuel	63,055	68,810	-	-	-	-	-	-	443	-
<b>Total Program Expenses</b>	<b>6,632,434</b>	<b>4,344,727</b>	<b>192,951</b>	<b>228,596</b>	<b>316,279</b>	<b>221,967</b>	<b>23,525,607</b>	<b>510,673</b>	<b>1,392,786</b>	<b>592,337</b>
Support Expenses:										
Depreciation	72,825	49,023	2,218	3,208	3,521	2,614	-	-	-	12,543
Employment expense	24,174	17,819	699	654	174	264	1,495	124	105	2,304
Direct mail and fundraising expenses	-	-	-	-	-	-	-	-	-	-
Insurance	59,683	40,898	900	1,124	-	1,124	-	-	145	5,623
Miscellaneous	7,249	28,332	447	492	165	164	1,003	212	159	11,924
Office expense	24,537	32,141	1,437	10,778	20	2,230	26,580	2,960	2,036	15,634
Professional fees	20,453	22,321	2,430	2,430	2,430	1,823	21,920	945	898	608
Rent	-	20,361	-	13,574	-	1,786	-	-	-	64,541
Repairs and maintenance	156,681	79,373	2,300	6,447	-	2,002	-	-	567	52,615
Small equipment	-	-	-	-	-	-	-	-	-	-
Technology	56,836	39,595	2,466	9,241	89	2,274	54,363	4,255	2,032	17,355
Telephone and utilities	109,666	94,661	1,205	16,268	180	4,989	8,539	1,285	644	26,792
<b>Total Support Expenses</b>	<b>532,104</b>	<b>424,524</b>	<b>14,102</b>	<b>64,216</b>	<b>6,579</b>	<b>19,270</b>	<b>113,900</b>	<b>9,781</b>	<b>6,586</b>	<b>209,939</b>
Other Expenses:										
Interest expense	-	1,384	-	988	-	99	-	-	-	-
<b>Total Other Expenses</b>	<b>-</b>	<b>1,384</b>	<b>-</b>	<b>988</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>7,164,538</b>	<b>4,770,635</b>	<b>207,053</b>	<b>293,800</b>	<b>322,858</b>	<b>241,336</b>	<b>23,639,507</b>	<b>520,454</b>	<b>1,399,372</b>	<b>802,276</b>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>(507,353)</b>	<b>(289,253)</b>	<b>(4,348)</b>	<b>(586)</b>	<b>(974)</b>	<b>(2,391)</b>	<b>13,828,032</b>	<b>212,622</b>	<b>44,201</b>	<b>461,204</b>
<b>Support with Donor Restrictions:</b>										
Grants and awards	545,059	118,638	7,014	-	-	5,910	-	-	-	80,186
Funds released for expenditures	(545,059)	(118,638)	(7,014)	-	-	(5,910)	-	-	-	(80,186)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Total Net Assets</b>	<b>\$ (507,353)</b>	<b>\$ (289,253)</b>	<b>\$ (4,348)</b>	<b>\$ (586)</b>	<b>\$ (974)</b>	<b>\$ (2,391)</b>	<b>\$ 13,828,032</b>	<b>\$ 212,622</b>	<b>\$ 44,201</b>	<b>\$ 461,204</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	Anaheim VIP Center	Cook/Chill	Care Coordination	Social Meals	Other Grants	Total Program Expenses	Management & General	Fundraising	Total
<b>Support and Revenues Without Donor:</b>									
Restrictions:									
Community Support:									
Grants and awards	\$ -	\$ -	\$ -	\$ -	\$ 1,260	\$ 48,697,204	\$ 340	\$ -	\$ 48,697,544
Contributions and donations	-	-	-	-	-	308,638	-	-	308,638
Department of Education meal revenues	-	-	-	-	-	-	-	-	-
Direct mail and fundraising revenues	-	-	-	-	-	2,500	4,846	1,518,597	1,525,943
In-kind services	3,091	-	-	-	-	372,979	-	-	372,979
Participant fees	-	-	-	-	-	-	-	-	-
<b>Total Community Support</b>	<b>3,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,260</b>	<b>49,381,321</b>	<b>5,186</b>	<b>1,518,597</b>	<b>50,905,104</b>
Revenues:									
Sales of food products	-	421,949	-	1,323,089	-	1,745,038	-	-	1,745,038
Insurance/government reimbursements	1,461,721	-	42,403	-	-	4,125,042	-	-	4,125,042
Investment income, net	-	-	-	-	-	-	185,367	-	185,367
Other income	-	-	121,678	-	(237,674)	232,292	-	-	232,292
<b>Total Revenues</b>	<b>1,461,721</b>	<b>421,949</b>	<b>164,081</b>	<b>1,323,089</b>	<b>(237,674)</b>	<b>6,102,372</b>	<b>185,367</b>	<b>-</b>	<b>6,287,739</b>
<b>Net Assets Released from Restriction</b>	<b>39,520</b>	<b>-</b>	<b>6,750</b>	<b>-</b>	<b>875</b>	<b>803,952</b>	<b>15,280</b>	<b>-</b>	<b>819,232</b>
<b>Total Support and Revenues Without Donor Restrictions</b>	<b>1,504,332</b>	<b>421,949</b>	<b>170,831</b>	<b>1,323,089</b>	<b>(235,539)</b>	<b>56,287,645</b>	<b>205,833</b>	<b>1,518,597</b>	<b>58,012,075</b>
<b>Expenses:</b>									
Program Expenses:									
Contract expenses	50,647	69,254	24,308	166,260	-	2,978,222	-	41,370	3,019,592
Food and supply costs	5,263	266,580	101	548,707	-	30,707,329	-	-	30,707,329
In-kind services	3,091	-	-	-	-	372,979	-	-	372,979
Insurance	56,672	1,715	8,395	13,416	-	571,405	-	12,374	583,779
Other program expenses	14,776	283	3,693	1,355	-	131,256	169	2,706	134,131
Personnel expense	506,419	16,101	74,820	117,631	-	4,970,587	268,182	111,347	5,350,116
Transportation and travel	1,478	3	612	16	-	45,867	-	230	46,097
Vehicle and fuel	-	-	-	13,307	-	145,615	-	-	145,615
<b>Total Program Expenses</b>	<b>638,346</b>	<b>353,936</b>	<b>111,929</b>	<b>860,692</b>	<b>-</b>	<b>39,923,260</b>	<b>268,351</b>	<b>168,027</b>	<b>40,359,638</b>
Support Expenses:									
Depreciation	22,081	-	-	-	-	168,033	130,789	-	298,822
Employment expense	2,438	556	1,064	2,002	40	53,912	-	2,434	56,346
Direct mail and fundraising expenses	-	-	-	-	(100)	(100)	240	423,785	423,925
Insurance	5,623	5,343	-	12,989	-	133,452	7,852	-	141,304
Miscellaneous	12,047	1,285	443	7,706	5,006	76,634	86,878	10,816	174,328
Office expense	22,215	1,472	2,997	3,565	1,547	150,149	-	2,260	152,409
Professional fees	5,883	607	-	2,971	-	85,719	22,608	-	108,327
Rent	35,016	-	-	-	-	135,278	1,003	-	136,281
Repairs and maintenance	21,148	6,552	-	16,029	-	343,714	1,939	-	345,653
Technology	10,600	3,579	1,141	29,739	-	233,565	6,370	9,108	249,043
Telephone and utilities	21,769	5,972	2,212	15,389	-	309,571	-	732	310,303
<b>Total Support Expenses</b>	<b>158,820</b>	<b>25,366</b>	<b>7,857</b>	<b>90,390</b>	<b>6,493</b>	<b>1,689,927</b>	<b>257,679</b>	<b>449,135</b>	<b>2,396,741</b>
Other Expenses:									
Interest expense	10,232	-	-	-	-	12,703	28,992	-	41,695
<b>Total Other Expenses</b>	<b>10,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,703</b>	<b>28,992</b>	<b>-</b>	<b>41,695</b>
<b>Total Expenses</b>	<b>807,398</b>	<b>379,302</b>	<b>119,786</b>	<b>951,082</b>	<b>6,493</b>	<b>41,625,890</b>	<b>555,022</b>	<b>617,162</b>	<b>42,798,074</b>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>696,934</b>	<b>42,647</b>	<b>51,045</b>	<b>372,007</b>	<b>(242,032)</b>	<b>14,661,755</b>	<b>(349,189)</b>	<b>901,435</b>	<b>15,214,001</b>
<b>Support with Donor Restrictions</b>									
Grants and awards	39,520	-	6,750	-	(63,817)	739,260	15,280	-	754,540
Funds released for expenditures	(39,520)	-	(6,750)	-	(875)	(803,952)	(15,280)	-	(819,232)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(64,692)</b>	<b>(64,692)</b>	<b>-</b>	<b>-</b>	<b>(64,692)</b>
<b>Increase (Decrease) in Total Net Assets</b>	<b>\$ 696,934</b>	<b>\$ 42,647</b>	<b>\$ 51,045</b>	<b>\$ 372,007</b>	<b>\$ (306,724)</b>	<b>\$ 14,597,063</b>	<b>\$ (349,189)</b>	<b>\$ 901,435</b>	<b>\$ 15,149,309</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES)**  
**YEAR ENDED JUNE 30, 2020**

	Title III Services							Santa Ana VIP Center
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Adult Day Care Program	Case Management Program	Transportation Program	In-Home Support Services	Temp. Meal Program	
Support and Revenues without Donor: Restrictions:								
Community Support:								
Grants and awards	\$ 2,780,599	\$ 3,414,942	\$ 154,948	\$ 270,609	\$ 314,209	\$ 248,165	\$ 2,482,844	\$ 12,912
Contributions and donations	250,344	159,587	17,092	11,594	3,855	1,115	-	-
Department of Education meal revenues	-	-	15,478	-	-	-	-	50,833
Direct mail and fundraising revenues	-	-	-	-	-	-	-	-
In-kind services	418,365	265,707	16,396	22,825	84,171	28,076	-	7,863
Participant fees	-	-	-	-	-	-	-	24,615
<b>Total Community Support</b>	<b>3,449,308</b>	<b>3,840,236</b>	<b>203,914</b>	<b>305,028</b>	<b>402,235</b>	<b>277,356</b>	<b>2,482,844</b>	<b>96,223</b>
Revenues:								
Sales of food products	-	-	-	-	-	-	-	-
Insurance/government reimbursements	-	-	30,746	-	-	-	-	1,489,556
Investment income, net	-	-	-	-	-	-	-	-
Other income	173,753	263,127	3,073	30,124	-	8,260	-	20,161
<b>Total Revenues</b>	<b>173,753</b>	<b>263,127</b>	<b>33,819</b>	<b>30,124</b>	<b>-</b>	<b>8,260</b>	<b>-</b>	<b>1,509,717</b>
Net Assets Released from Restriction	452,286	170,703	10,817	7,735	-	3,348	-	41,213
<b>Total Support and Revenues Without Donor Restrictions</b>	<b>4,075,347</b>	<b>4,274,066</b>	<b>248,550</b>	<b>342,887</b>	<b>402,235</b>	<b>288,964</b>	<b>2,482,844</b>	<b>1,647,153</b>
Expenses:								
Program Expenses:								
Contract expenses	380,200	690,974	845	31,142	214,423	145,496	25,106	138,359
Food and supply costs	1,196,772	1,191,031	26,036	-	19,700	9,269	1,413,165	99,968
In-kind services	418,365	265,707	16,396	22,825	84,171	28,076	-	7,863
Insurance	174,042	170,552	16,726	23,665	8,410	8,301	7,565	70,359
Other program expenses	7,941	9,729	227	965	781	420	3,201	26,232
Personnel expense	1,437,868	1,392,680	137,097	195,200	66,096	67,465	64,191	590,021
Transportation and travel	9,166	14,204	38,654	2,358	259	886	-	257,070
Vehicle and fuel	37,144	50,744	-	-	-	-	-	-
<b>Total Program Expenses</b>	<b>3,661,498</b>	<b>3,785,621</b>	<b>235,981</b>	<b>276,155</b>	<b>393,840</b>	<b>259,913</b>	<b>1,513,228</b>	<b>1,189,872</b>
Support Expenses:								
Depreciation	50,587	53,053	3,086	4,256	4,993	3,587	-	12,708
Employment expense	17,423	17,853	1,461	1,799	1,282	925	332	19,806
Direct mail and fundraising expenses	-	-	-	-	-	-	-	500
Insurance	32,266	40,000	1,732	2,141	57	1,703	-	8,459
Miscellaneous	6,147	9,085	457	301	167	175	158	10,811
Office expense	33,110	45,113	2,545	9,631	41	3,644	-	21,129
Professional fees	20,332	23,079	2,198	2,198	2,747	1,648	-	550
Rent	-	21,936	-	13,767	-	2,893	-	62,110
Repairs and maintenance	82,759	98,541	-	7,812	9	4,174	-	20,554
Small equipment	1,265	483	15	29	-	29	-	-
Technology	50,316	48,783	2,318	6,398	4	3,200	525	16,247
Telephone and utilities	68,568	92,679	1,693	18,853	314	7,507	376	22,924
<b>Total Support Expenses</b>	<b>362,773</b>	<b>450,605</b>	<b>15,505</b>	<b>67,185</b>	<b>9,614</b>	<b>29,485</b>	<b>1,391</b>	<b>195,798</b>
Other Expenses:								
Interest expense	-	-	-	-	-	-	-	-
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>4,024,271</b>	<b>4,236,226</b>	<b>251,486</b>	<b>343,340</b>	<b>403,454</b>	<b>289,398</b>	<b>1,514,619</b>	<b>1,385,670</b>
Increase (Decrease) in Net Assets Without Donor Restrictions	51,076	37,840	(2,936)	(453)	(1,219)	(434)	968,225	261,483
Support with Donor Restrictions:								
Grants and awards	452,286	170,703	10,817	7,735	-	3,348	-	41,213
Funds released for expenditures	(452,286)	(170,703)	(10,817)	(7,735)	-	(3,348)	-	(41,213)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Total Net Assets</b>	<b>\$ 51,076</b>	<b>\$ 37,840</b>	<b>\$ (2,936)</b>	<b>\$ (453)</b>	<b>\$ (1,219)</b>	<b>\$ (434)</b>	<b>\$ 968,225</b>	<b>\$ 261,483</b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

	Anaheim VIP Center	Advancement	Cook/Chill	Care Coordination	Social Meals	Other Grants	General	Total
Support and Revenues Without Donor:								
Restrictions:								
Community Support:								
Grants and awards	\$ 6,412	\$ -	\$ -	\$ -	\$ -	\$ 142,726	\$ 2,534	\$ 9,830,900
Contributions and donations	-	-	-	-	-	-	-	443,587
Department of Education meal revenues	59,835	-	-	-	-	-	-	126,146
Direct mail and fundraising revenues	-	1,138,094	-	-	-	-	7,888	1,145,982
In-kind services	19,891	-	-	-	-	-	-	863,294
Participant fees	88,378	-	-	-	-	-	-	112,993
Total Community Support	174,516	1,138,094	-	-	-	142,726	10,422	12,522,902
Revenues:								
Sales of food products	-	-	683,142	-	1,625,862	-	-	2,309,004
Insurance/government reimbursements	1,504,191	-	-	50,580	-	-	-	3,075,073
Investment income, net	-	-	-	-	-	-	85,619	85,619
Other income	18,768	-	-	57,906	-	(467,673)	-	107,499
Total Revenues	1,522,959	-	683,142	108,486	1,625,862	(467,673)	85,619	5,577,195
Net Assets Released from Restriction	38,287	-	-	8,250	5,000	309	24,077	762,025
Total Support and Revenues Without Donor Restrictions	1,735,762	1,138,094	683,142	116,736	1,630,862	(324,638)	120,118	18,862,122
Expenses:								
Program Expenses:								
Contract expenses	105,037	114,350	107,749	5,243	339,268	-	5,550	2,303,742
Food and supply costs	99,685	-	450,932	-	726,814	5,423	-	5,238,795
In-kind services	19,891	-	-	-	-	-	-	863,294
Insurance	72,839	21,385	4,783	9,200	27,166	-	-	614,993
Other program expenses	22,171	1,514	225	957	523	-	10,150	85,036
Personnel expense	607,873	176,102	39,128	76,682	220,690	-	268,745	5,339,838
Transportation and travel	237,318	783	18	1,062	94	-	-	561,872
Vehicle and fuel	-	-	104	-	46,576	-	-	134,568
Total Program Expenses	1,164,814	314,134	602,939	93,144	1,361,131	5,423	284,445	15,142,138
Support Expenses:								
Depreciation	17,760	-	-	-	-	-	122,424	272,454
Employment expense	3,399	1,004	740	1,202	2,370	90	99	69,785
Direct mail and fundraising expenses	500	359,241	-	-	-	100	1,805	362,146
Insurance	8,458	-	8,697	-	18,555	-	8,144	130,212
Miscellaneous	11,572	6,992	1,544	816	4,213	6,422	59,287	118,147
Office expense	25,518	2,511	4,557	11	11,114	-	5,067	163,991
Professional fees	550	-	588	-	723	-	39,320	93,933
Rent	56,091	-	-	-	-	-	-	156,797
Repairs and maintenance	18,703	-	12,269	-	33,658	-	677	279,156
Small equipment	-	-	-	-	-	-	-	1,821
Technology	21,242	11,266	9,073	19	19,021	-	1,777	190,189
Telephone and utilities	17,515	1,249	10,063	1,579	25,949	-	639	269,908
Total Support Expenses	181,308	382,263	47,531	3,627	115,603	6,612	239,239	2,108,539
Other Expenses:								
Interest expense	-	-	-	-	-	-	32,417	32,417
Total Other Expenses	-	-	-	-	-	-	32,417	32,417
Total Expenses	1,346,122	696,397	650,470	96,771	1,476,734	12,035	556,101	17,283,094
Increase (Decrease) in Net Assets Without Donor Restrictions	389,640	441,697	32,672	19,965	154,128	(336,673)	(435,983)	1,579,028
Support with Donor Restrictions:								
Grants and awards	38,287	-	-	8,250	5,000	(28,296)	24,077	733,420
Funds released for expenditures	(38,287)	-	-	(8,250)	(5,000)	(309)	(24,077)	(762,025)
Increase (Decrease) in Net Assets With Donor Restrictions	-	-	-	-	-	(28,605)	-	(28,605)
Increase (Decrease) in Total Net Assets	\$ 389,640	\$ 441,697	\$ 32,672	\$ 19,965	\$ 154,128	\$ (365,278)	\$ (435,983)	\$ 1,550,423

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Community SeniorServ, Inc. dba: Meals on Wheels Orange County (the Organization) prepares and delivers nutritious Meals on Wheels (home delivered meals) to homebound older adults in 20 cities in central and north Orange County. The Organization also provides a Senior Lunch Program (congregate meals) at 24 senior centers. The Organization operates two freestanding adult day health-care centers in Anaheim and Santa Ana and one adult day care center in Buena Park. Additionally, the Organization plans and coordinates case management services for its Meals on Wheels participants and provides in-home supportive services consisting of homemaking, personal care, and chores for these participants as needed. The Organization manufactures bulk food and unitized meals for its social enterprise business. The Organization's goal is to maintain and enhance the independence, well-being, and dignity of older adults.

**Basis of Accounting**

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to the "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

**Basis of Presentation**

The Organization's resources are classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Accordingly, the net assets of the Organization are classified and reported as follows:

- *Net Assets without Donor Restrictions* – Net assets of the Organization that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.
- *Net Assets with Donor Restrictions* – Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donor-imposed restrictions are temporary in nature, such as those that will be met by 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.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Cash, Cash Equivalents, and Restricted Cash**

For purposes of reporting cash flows, cash, cash equivalents, and restricted cash include petty cash funds, bank checking accounts used for operating purposes, site deposits, and investments with maturities of three months or less from the original purchase dates.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 17,646,056	\$ 4,095,489
Restricted cash included in other long-term assets	<u>166,725</u>	<u>166,725</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 17,812,781</u>	<u>\$ 4,262,214</u>

Restricted cash included in other long-term assets on the statements of financial position represents amounts pledged as collateral for long-term financing agreements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off.

**Investments**

The Organization records equity securities with readily determinable fair values and all investments in debt securities in accordance with FASB ASC 958-320, *Not-for-Profit Entities (Topic 958)*. This standard requires these types of investments to be reported at fair value, with gains and losses included in the statements of activities.

The Organization's investments are reported at their fair value in the statements of financial position. At June 30, 2021, cost and estimated fair value of cash and investments are \$2,251,053 and \$2,425,964, respectively. At June 30, 2020, cost and estimated fair value of investments are \$2,188,600 and \$2,265,287, respectively. Net unrealized gains for the years ended June 30, 2021 and 2020 totaled \$174,911 and \$76,687, respectively. Net investment income is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external and direct internal investment expense. During the years ended June 30, 2021 and 2020, the Organization incurred management fees associated with its investments of \$14,819 and \$13,400, respectively.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Accounts, Grants, and Awards Receivable**

The Organization's accounts, grants, and awards receivable are primarily reimbursements and fees from governmental agencies based on services performed by the Organization as written under contractual agreements. Management believes that the receivable is collectible and thus did not record an allowance for doubtful amounts for the years ended June 30, 2021 and 2020.

**Inventory**

Inventory consists of food and supplies and is valued at cost using a weighted average on a first-in, first-out basis.

**Property, Plant, and Equipment**

All capital assets with a value of \$1,000 or more are capitalized into property, plant, and equipment. Property, plant, and equipment are stated at cost if purchased or estimated fair value if donated. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years for intellectual property; 3 to 15 years for equipment, furniture and fixtures, and vehicles; and over 20 to 50 years for building and improvements. Depreciation expense for the years ended June 30, 2021 and 2020 was approximately \$299,000 and \$272,000, respectively.

**Long-Lived Assets and Asset Impairment**

The Organization accounts for long-lived assets in accordance with the FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. At June 30, 2021 and 2020, no impairment losses have been recorded.

**Website Development**

In accordance with FASB ASC 350-10, *Accounting for Website Development Costs*, the Organization capitalized \$12,426 for website development costs at both June 30, 2021 and 2020. The capitalized amount is fully amortized and included in property, plant, and equipment in the accompanying statements of financial position.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Labor expenses, including salaries, payroll taxes, workers' compensation, employee benefits, travel, and staff training, are allocated based on the percentage of time that each employee spends working on projects specific to the program or supporting function; nonlabor direct expenses are allocated based on each program's direct expenses. Occupancy, insurance, and depreciation expenses are allocated based on the programs serviced by the related resources.

**Revenue and Revenue Recognition**

A majority of the Organization's grants and contracts support are federal pass-through funds from the County of Orange and the state of California. Support received from these grants is recognized on an accrual basis, which is based on funding provided through the term of the individual contracts as specified by the grantor. Other support is derived from client fees, contributions from community individuals, and businesses.

The Organization recognizes contributions when cash or other assets are received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There are no conditional promises to give at June 30, 2021 and 2020.

The Organization recognizes revenue from contracts with customers in accordance with FASB ASC 606, which applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records exchange transaction revenue in its statement of activities for the years ended June 30, 2021 and 2020.

**Exchange Transactions**

Revenue from the sales of food products and participation fees are recognized when (i) there is persuasive evidence that an arrangement exists, (ii) delivery of the products has occurred, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured. The Organization does not have any significant financing components, as payment is received at or shortly after the point of sale.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Contributions**

Contributed materials and property are recorded at their fair value when there is an objective basis available to measure their value. In-kind items used in the Organization's program activities are recorded as income or expense at the time they are received, which is normally also the time the items are placed into service or distributed.

Contributed services are recognized as contributions in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Such items are capitalized or charged to operations at fair value as appropriate. During the years ended June 30, 2021 and 2020, the Organization did not receive any donated professional services.

A substantial number of volunteers have donated significant amounts of time in the operation of the Organization's various programs. These donated services do not meet the criteria of FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, and accordingly have not been reflected in the accompanying financial statements.

The value of such volunteer time was estimated using the minimum wage rates as follows for the year ended June 30, 2021 (unaudited):

	<u>Number of Volunteers</u>	<u>Number of Hours</u>	<u>Value</u>
Areas of Service:			
Congregate Meals	400	4,675	\$ 63,049
Home-Bound Meals	2,746	18,094	244,821
Anaheim VIP Center	7	236	3,091
Other - Kitchen/Office	<u>382</u>	<u>1,535</u>	<u>20,681</u>
Total	<u>3,535</u>	<u>24,540</u>	<u>\$ 331,642</u>

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Contributions (Continued)**

The value of such volunteer time was estimated using the minimum wage rates as follows for the year ended June 30, 2020 (unaudited):

	<u>Number of Volunteers</u>	<u>Number of Hours</u>	<u>Value</u>
Areas of Service:			
Congregate Meals	2,275	36,024	\$ 444,306
Home-Bound Meals	3,047	22,554	280,274
Buena Park Adult Day Care	51	1,503	18,541
Transportation	282	2,875	35,395
Santa Ana VIP Center	33	654	8,334
Anaheim VIP Center	58	1,530	19,033
Other - Kitchen/Office	<u>787</u>	<u>4,304</u>	<u>53,030</u>
Total	<u><u>6,533</u></u>	<u><u>69,444</u></u>	<u><u>\$ 858,913</u></u>

**Deferred Income**

As of June 30, 2021 and 2020, deferred income consists of amounts received from participants in advance for fundraising events occurring subsequent to year-end.

**Unpaid Compensated Absences**

The Organization accrues a liability for all employee vacation time and related benefits that have been earned but not paid. The amount of this liability at June 30, 2021 and 2020 totaled approximately \$311,000 and \$294,000, respectively (see Note 6).

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and corresponding state code as a charitable organization whereby only unrelated business income, as identified by Section 509(a)(1) of the Code, is subject to income tax. The Organization had no unrelated business income during the years ended June 30, 2021 and 2020. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization adopted the provisions of FASB ASC 740-10-25, *Income Taxes*. In accordance with ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not that the position will be sustained. The implementation of ASC 740-10-25 had no impact on the Organization's financial statements.

**COMMUNITY SENIORSERV, INC.**  
**DBA: MEALS ON WHEELS ORANGE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Income Taxes (Continued)**

The Organization does not believe that there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties.

**Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets and liabilities, revenues and gains, and expenses and losses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Direct Mail and Fundraising Costs**

Direct mail and fundraising costs are charged to operations when incurred.

**Recent Accounting Pronouncements – Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, and early application is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. ASU 2016-13 requires that credit losses on most financial assets measured at amortized cost and certain other instruments, including trade receivables, be measured using an expected credit loss model. The ASU also replaces the current accounting model for purchased credit-impaired loans and debt securities. Further, ASU 2016-13 makes certain targeted amendments to the existing impairment model for available-for-sale debt securities. For nonpublic entities, including nonprofit entities, the amendments are effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of the provisions of ASU 2016-13 on the presentation of its financial statements.

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**Note 2: Liquidity**

The Organization’s 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, are as follows as of June 30:

	2021	2020
Cash and cash equivalents	\$ 17,646,056	\$ 4,095,489
Accounts, grants, and awards receivable	2,192,050	1,709,215
Total Financial Assets Available to Meet General Expenditures within One Year	\$ 19,838,106	\$ 5,804,704

As part of the Organization’s liquidity management plan, it invests cash in excess of daily requirements in short-term investments and money market funds. The Organization’s board-designated fund of \$2,425,964 and \$2,265,287 as of June 30, 2021 and 2020, respectively, is subject to an annual review by the board. Although the Organization does not intend to spend from this board-designated fund (other than amounts appropriated for general expenditure as part of the board’s annual budget approval and appropriation), these amounts could be made available if necessary.

**Note 3: Concentrations, Risks, and Uncertainties**

During the years ended June 30, 2021 and 2020, the Organization obtained a substantial portion of its support from one and two sources, respectively. Support received from these sources aggregated approximately \$33,659,000 and \$7,190,000 for 2021 and 2020, respectively. At June 30, 2021 and 2020, amounts due from these sources, which are included in accounts, grants, and awards receivable, were approximately \$117,000 and \$663,000, respectively.

During the year ended June 30, 2021 there was no supplier concentration noted. During the year ended June 30, 2020, the Organization purchased approximately 21% of its raw materials from two suppliers. At June 30, 2020, amounts due to these suppliers, which are reflected in accounts payable, aggregated approximately \$91,000.

Credit is extended for some customers and is based on financial condition, and generally, collateral is not required.

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**Note 3: Concentrations, Risks, and Uncertainties (Continued)**

The Organization maintains cash and cash equivalent balances at one financial institution. At June 30, 2021 and 2020, the accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2021 and 2020, the Organization's balance in excess of the federally insured limit was approximately \$17,711,000 and \$3,961,000, respectively. The Organization also maintains cash equivalent balances at institutions that are insured by the Securities Investor Protection Corporation (SIPC) for up to \$500,000. At June 30, 2021 and 2020, the Organization's balance in excess of the SIPC-insured limit was approximately \$1,924,000 and \$1,763,000, respectively.

**Note 4: Accounts Receivable**

Accounts receivable related to exchange transactions, and included in accounts, grants, and awards receivable, were as follows at June 30:

	<u>2021</u>	<u>2020</u>
Food sales	\$ 213,694	\$ 99,648
Participant fees	<u>-</u>	<u>3,340</u>
Accounts receivable	<u>\$ 213,694</u>	<u>\$ 102,988</u>

**Note 5: Inventory**

Inventory consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Food	\$ 220,320	\$ 242,652
Supplies	<u>141,799</u>	<u>85,337</u>
Total Inventory	<u>\$ 362,119</u>	<u>\$ 327,989</u>

**Note 6: Accrued Liabilities**

Accrued liabilities at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued salaries, wages, and bonuses	\$ 505,816	\$ 485,324
Deferred income	77,073	70,101
Other accrued expenses	<u>716,218</u>	<u>538,553</u>
Total Accrued Liabilities	<u>\$ 1,299,107</u>	<u>\$ 1,093,978</u>

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**Note 7: Commitments and Contingencies**

**Grant Contingencies**

Periodic audits may be performed by granting agencies, and certain costs may be questioned as not being reimbursable expenditures under the terms of various grant contracts. At June 30, 2021 and 2020, there were no material contingent liabilities associated with these contracts.

**Operating Leases**

The Organization is obligated under the terms of operating leases for the rental of certain facilities and various office equipment. Total rental expense for the years ended June 30, 2021 and 2020, was approximately \$136,000 and \$165,000, respectively. Future minimum rental payments for each of the next two years ending June 30 are as follows:

2022		\$ 131,227
2023		<u>6,697</u>
Total		<u>\$ 137,924</u>

**Litigation**

The Organization experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

**Note 8: Note Payable**

Note payable as of June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Note payable to California Health Facilities Financing Authority, payable in monthly principal and interest payments of approximately \$14,000, bearing interest at a rate of 6.5% annually. The note matures in December 2022 and is secured by real property.	\$ 214,583	\$ 356,250

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**Note 8: Note Payable (Continued)**

	2021	2020
Note payable to California Health Facilities Financing Authority, payable in monthly principal and interest payments of approximately \$7,500, bearing interest at rate of 2.0% annually. The note matures in March 2041 and is secured by real property.	\$ 1,469,732	\$ -
Deferred finance costs	(28,625)	-
Subtotal	1,655,690	356,250
Less: Current portion	(210,920)	(140,833)
Total Long-Term Debt	\$ 1,444,770	\$ 215,417

The following are the maturities of long-term debt for each of the next five years ending June 30 and thereafter:

	Principal Payments	Deferred Finance Costs	Total
2022	\$ 212,351	\$ (1,431)	\$ 210,920
2023	127,343	(1,431)	125,912
2024	64,036	(1,431)	62,605
2025	65,318	(1,431)	63,887
2026	66,637	(1,431)	65,206
Thereafter	1,148,630	(21,470)	1,127,160
Total			\$ 1,655,690

**Note 9: Employee Benefit Plan**

The Organization has established a retirement savings plan under Code Section 403(b), whereby the Organization's employees may elect to defer portions of their compensation. In accordance with the terms of the plan, individuals may contribute compensation earnings pretax to the plan, up to the annual maximum as prescribed by law. The Organization may make discretionary contributions to the plan at the discretion of the board of directors. Plan assets are exclusively invested in tax-sheltered annuities in each individual's name with selected insurance companies. Distributions are made upon the occurrence of the participants' termination, retirement, death, or total disability and in a manner in accordance with the election made by the participant. Assets of the plan are not reflected in the accompanying financial statements. For the years ended June 30, 2021 and 2020, the Organization made matching contributions of approximately \$91,000 and \$62,000, respectively.

**COMMUNITY SENIORSERV, INC.**  
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**Note 10: Net Assets Released from Restrictions**

Net assets released from restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Capital assets - released	\$ 15,280	\$ 24,077
Satisfaction of time restriction	654,517	634,381
Satisfaction of purpose restriction	<u>149,435</u>	<u>103,567</u>
Total Net Assets Released from Restrictions	<u>\$ 819,232</u>	<u>\$ 762,025</u>

**Note 11: Net Assets**

Net assets consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Net Assets without Donor Restrictions:		
Investment in property and equipment	\$ 4,658,185	\$ 2,598,680
Available for programs	<u>19,056,428</u>	<u>5,901,932</u>
Total net assets without donor restrictions	<u>23,714,613</u>	<u>8,500,612</u>
Net Assets with Donor Restrictions:		
Various capital assets, net	-	15,278
Restrictions for time	9,124	24,162
Restrictions for purpose	<u>65,000</u>	<u>99,376</u>
Total net assets with restrictions	<u>74,124</u>	<u>138,816</u>
Total Net Assets	<u>\$ 23,788,737</u>	<u>\$ 8,639,428</u>

**Note 12: Allocation of Joint Costs**

For the years ended June 30, 2021 and 2020, the Organization conducted activities that included appeals for contributions and incurred joint costs of \$423,925 and \$362,146, respectively. For the years ended June 30, 2021 and 2020, these activities included costs from direct mail and outreach campaigns totaling \$140,498 and \$139,859, respectively, and special event costs totaling \$283,427 and \$222,287, respectively.

**COMMUNITY SENIORSERV, INC.**  
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**Note 13: Fair Value Measurements**

FASB ASC 820-10 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

*Common Stocks, Corporate Bonds, and U.S. Government Securities:* Valued at the closing price and reported on the active market on which the individual securities are traded.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

**COMMUNITY SENIORSERV, INC.**  
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**Note 13: Fair Value Measurements (Continued)**

*Exchange-Traded Products:* An exchange-traded product tracks an index fund and trades like a common stock on a stock exchange, and it is valued throughout the trading day using the intraday indicative value. This value is calculated by the exchange and is published throughout the trading day.

*Fixed Income Securities:* Valued at the closing market price on the stock exchange where they are traded (primarily the New York Stock Exchange).

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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 fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets, measured on a recurring basis, at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, money market, and bank deposits	\$ 339,963	\$ -	\$ -
Common stocks	512,897	-	-
Exchange-traded products	12,399	-	-
Fixed income securities	<u>1,560,705</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,425,964</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets, measured on a recurring basis, at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, money market, and bank deposits	\$ 565,695	\$ -	\$ -
Common stocks	175,136	-	-
Exchange-traded products	16,200	-	-
Fixed income securities	<u>1,508,256</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,265,287</u>	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY SENIORSERV, INC.  
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**Note 14: Board-Designated Funds**

Board-designated funds are as follows as of June 30:

	2021	2020
Cash and investments	\$ 2,425,964	\$ 2,265,287
Total Board-Designated Funds	\$ 2,425,964	\$ 2,265,287

**Note 15: Subsequent Events**

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of October 20, 2021, which is the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Community SeniorServ, Inc. dba: Meals on Wheels Orange County  
Anaheim, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community SeniorServ, Inc. dba: Meals on Wheels Orange County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community SeniorServ, Inc. dba: Meals on Wheels Orange County'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community SeniorServ, Inc. dba: Meals on Wheels Orange County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community SeniorServ, Inc. dba: Meals on Wheels Orange County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community SeniorServ, Inc. dba: Meals on Wheels Orange County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Irvine, California  
October 20, 2021

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