

**MEALS ON WHEELS ORANGE COUNTY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**



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**MEALS ON WHEELS ORANGE COUNTY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Meals on Wheels Orange County
Anaheim, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Meals on Wheels Orange County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, statement of changes in net assets, functional expenses (and corresponding support and revenues), and cash flows for the year 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 Orange County, as of June 30, 2022 and 2021, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Meals on Wheels Orange County 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels Orange County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Meals on Wheels Orange County'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 Meals on Wheels Orange County'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.

Board of Directors
Meals on Wheels Orange County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of Meals on Wheels Orange County'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 solely 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 effectiveness of Meals on Wheels Orange County's 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 Meals on Wheels Orange County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
October 28, 2022

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 18,381,424	\$ 17,646,056
Accounts, Grants, and Awards Receivable	1,697,317	2,192,050
Inventory	435,442	362,119
Prepaid Expenses	-	18,437
Board-Designated Restricted Cash and Investments	2,227,151	2,425,964
Total Current Assets	22,741,334	22,644,626
PROPERTY, PLANT, AND EQUIPMENT		
Land	800,492	800,492
Building and Improvements	4,278,778	4,202,475
Equipment, Furniture and Fixtures, Vehicles, and Website	4,228,099	4,154,639
Construction in Progress	-	5,556
Total Property, Plant, and Equipment, at Cost	9,307,369	9,163,162
Less: Accumulated Depreciation	(4,829,606)	(4,504,977)
Property, Plant, and Equipment, at Net Book Value	4,477,763	4,658,185
OTHER ASSETS		
Deposits	2,200	5,034
Debt Service Restricted Cash	165,075	166,725
Total Other Assets	167,275	171,759
Total Assets	\$ 27,386,372	\$ 27,474,570
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 418,871	\$ 731,036
Accrued Liabilities	1,016,315	1,299,107
Note Payable, Current Portion	216,328	210,920
Total Current Liabilities	1,651,514	2,241,063
LONG-TERM LIABILITIES		
Note Payable, Net of Current Portion	1,320,067	1,444,770
Total Long-Term Liabilities	1,320,067	1,444,770
Total Liabilities	2,971,581	3,685,833
NET ASSETS		
Without Donor Restrictions	24,356,272	23,714,613
With Donor Restrictions	58,519	74,124
Total Net Assets	24,414,791	23,788,737
Total Liabilities and Net Assets	\$ 27,386,372	\$ 27,474,570

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Community Support:			
Grants and Awards	\$ 11,752,736	\$ -	\$ 11,752,736
Contributions and Donations	226,215	-	226,215
Department of Education Meal Revenues	49,561	-	49,561
Direct Mail and Fundraising Revenues	1,333,608	-	1,333,608
In-Kind Services	439,604	-	439,604
Participant Fees	7,410	-	7,410
Total Community Support	<u>13,809,134</u>	<u>-</u>	<u>13,809,134</u>
Revenues:			
Sales of Food Products	2,414,121	-	2,414,121
Insurance/Government Reimbursements	4,688,246	-	4,688,246
Investment Income, Net	(183,983)	-	(183,983)
Other Income	275,839	-	275,839
Total Revenues	<u>7,194,223</u>	<u>-</u>	<u>7,194,223</u>
Net Assets Released from Restriction	<u>409,356</u>	<u>-</u>	<u>409,356</u>
Total Support and Revenues	21,412,713	-	21,412,713
EXPENSES (SEE STATEMENTS OF FUNCTIONAL EXPENSES)	<u>20,771,054</u>	<u>-</u>	<u>20,771,054</u>
CHANGE IN NET ASSETS	641,659	-	641,659
Grants and Awards	-	393,751	393,751
Funds Released for Expenditures	<u>-</u>	<u>(409,356)</u>	<u>(409,356)</u>
Change in Net Assets with Donor Restrictions	<u>-</u>	<u>(15,605)</u>	<u>(15,605)</u>
Change in Total Net Assets	<u>\$ 641,659</u>	<u>\$ (15,605)</u>	<u>\$ 626,054</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Community Support:			
Grants and Awards	\$ 48,697,544	\$ -	\$ 48,697,544
Contributions and Donations	308,638	-	308,638
Direct Mail and Fundraising Revenues	1,525,943	-	1,525,943
In-Kind Services	372,979	-	372,979
Total Community Support	50,905,104	-	50,905,104
Revenues:			
Sales of Food Products	1,745,038	-	1,745,038
Insurance/Government Reimbursements	4,125,042	-	4,125,042
Investment Income, Net	185,367	-	185,367
Other Income	232,292	-	232,292
Total Revenues	6,287,739	-	6,287,739
Net Assets Released from Restriction	819,232	-	819,232
Total Support and Revenues	58,012,075	-	58,012,075
EXPENSES (SEE STATEMENTS OF FUNCTIONAL EXPENSES)	42,798,074	-	42,798,074
CHANGE IN NET ASSETS	15,214,001	-	15,214,001
Grants and Awards	-	754,540	754,540
Funds Released for Expenditures	-	(819,232)	(819,232)
Change in Net Assets with Donor Restrictions	-	(64,692)	(64,692)
Change in Total Net Assets	\$ 15,214,001	\$ (64,692)	\$ 15,149,309

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS - JUNE 30, 2020	\$ 8,500,612	\$ 138,816	\$ 8,639,428
Increase (Decrease) in Net Assets, Year Ended June 30, 2021	15,214,001	(64,692)	15,149,309
NET ASSETS - JUNE 30, 2021	23,714,613	74,124	23,788,737
Increase (Decrease) in Net Assets, Year Ended June 30, 2022	641,659	(15,605)	626,054
NET ASSETS - JUNE 30, 2022	\$ 24,356,272	\$ 58,519	\$ 24,414,791

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Title III Services									
	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	Santa Ana VIP Center
SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS										
Community Support:										
Grants and Awards	\$ 6,683,229	\$ 4,053,999	\$ 147,147	\$ 213,571	\$ 224,014	\$ 171,305	\$ -	\$ 258,060	\$ -	\$ 95
Contributions and Donations	92,669	123,010	6,070	4,266	200	-	-	-	-	-
Department of Education Meal Revenues	-	-	624	-	-	-	-	-	-	30,005
Direct Mail and Fundraising Revenues	-	-	-	-	-	-	-	-	-	1,209
In-Kind Services	100,123	284,736	-	573	37,295	11,783	-	-	-	-
Participant Fees	-	-	-	-	-	-	-	-	-	-
Total Community Support	6,876,021	4,461,745	153,841	218,410	261,509	183,088	-	258,060	-	31,309
Revenues:										
Sales of Food Products	-	-	-	-	-	-	-	-	-	-
Insurance/Government Reimbursements	-	-	12,942	-	-	-	-	-	1,752,427	1,304,623
Investment Income, Net	-	-	-	-	-	-	-	-	-	-
Other Income	-	78,876	30,423	-	-	-	-	-	-	5,093
Total Revenues	-	78,876	43,365	-	-	-	-	-	1,752,427	1,309,716
Net Assets Released from Restriction	132,411	232,019	-	-	-	4,516	-	-	-	14,820
Total Support and Revenues Without Donor Restrictions	7,008,432	4,772,640	197,206	218,410	261,509	187,604	-	258,060	1,752,427	1,355,845
EXPENSES										
Program Expenses:										
Contract Expenses	1,226,853	1,036,067	1,227	12,013	173,261	156,274	-	296	34,268	103,242
Food and Supply Costs	3,442,860	1,537,912	24,468	-	-	-	-	141,190	1,410,528	61,894
In-Kind Services	100,123	284,736	-	573	37,295	11,783	-	-	-	-
Insurance	202,745	156,442	17,514	15,597	5,210	4,582	-	2,762	4,742	56,613
Other Program Expenses	49,693	46,922	1,269	2,116	944	1,092	-	131	802	15,353
Personnel Expense	1,956,321	1,468,630	171,187	150,103	45,348	43,007	-	24,525	48,076	570,750
Transportation and Travel	14,681	21,730	16,326	735	110	194	-	24	106	66,662
Vehicle and Fuel	89,438	92,269	-	-	-	-	-	-	2,892	-
Total Program Expenses	7,082,714	4,644,708	231,991	181,137	262,168	216,932	-	168,928	1,501,414	874,514

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Title III Services									
	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	Santa Ana VIP Center
EXPENSES (CONTINUED)										
Support Expenses:										
Depreciation	\$ 74,726	\$ 50,887	\$ 2,103	\$ 2,329	\$ 2,788	\$ 2,000	\$ -	\$ -	\$ -	\$ 16,119
Employment Expense	26,976	18,543	1,200	1,875	575	829	-	593	1,076	6,486
Direct Mail and Fundraising Expenses	-	-	110	-	-	-	-	-	-	409
Insurance	61,323	41,020	1,041	2,083	-	1,569	-	-	406	6,248
Miscellaneous	6,425	28,968	346	312	186	145	-	161	298	12,342
Office Expense	34,717	38,774	2,930	9,522	34	1,567	-	1,798	5,309	19,649
Professional Fees	28,696	30,838	3,193	3,193	3,193	2,395	-	1,596	15	798
Rent	-	3,066	-	2,028	-	208	-	-	-	66,831
Repairs and Maintenance	232,848	114,030	1,347	9,436	-	3,329	-	-	1,650	24,544
Small Equipment	1,014	11,016	-	-	-	-	-	-	20	-
Technology	78,616	48,847	1,702	5,670	12	1,636	-	3,303	9,852	12,936
Telephone and Utilities	117,099	94,149	1,509	15,624	191	4,175	-	900	2,240	29,155
Total Support Expenses	<u>662,440</u>	<u>480,138</u>	<u>15,481</u>	<u>52,072</u>	<u>6,979</u>	<u>17,853</u>	<u>-</u>	<u>8,351</u>	<u>20,866</u>	<u>195,517</u>
Other Expenses:										
Interest Expense	-	4,179	-	2,741	-	288	-	-	-	-
Other Expense	-	-	-	-	-	-	-	-	-	-
Total Other Expenses	<u>-</u>	<u>4,179</u>	<u>-</u>	<u>2,741</u>	<u>-</u>	<u>288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>7,745,154</u>	<u>5,129,025</u>	<u>247,472</u>	<u>235,950</u>	<u>269,147</u>	<u>235,073</u>	<u>-</u>	<u>177,279</u>	<u>1,522,280</u>	<u>1,070,031</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(736,722)</u>	<u>(356,385)</u>	<u>(50,266)</u>	<u>(17,540)</u>	<u>(7,638)</u>	<u>(47,469)</u>	<u>-</u>	<u>80,781</u>	<u>230,147</u>	<u>285,814</u>
SUPPORT WITH DONOR RESTRICTIONS:										
Grants and Awards	132,411	232,019	-	-	-	4,516	-	-	-	14,820
Funds Released for Expenditures	<u>(132,411)</u>	<u>(232,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,516)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,820)</u>
INCREASE (DECREASE) IN TOTAL NET ASSETS	<u>\$ (736,722)</u>	<u>\$ (356,385)</u>	<u>\$ (50,266)</u>	<u>\$ (17,540)</u>	<u>\$ (7,638)</u>	<u>\$ (47,469)</u>	<u>\$ -</u>	<u>\$ 80,781</u>	<u>\$ 230,147</u>	<u>\$ 285,814</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Anaheim VIP Center	Cook/Chill	Care Coordination	Social Meals	Other Grants	Total Program Expenses	Management and General	Fundraising	Total
SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS									
Community Support:									
Grants and Awards	\$ 475	\$ -	\$ -	\$ -	\$ 491	\$ 11,752,386	\$ 350	\$ -	\$ 11,752,736
Contributions and Donations	-	-	-	-	-	226,215	-	-	226,215
Department of Education Meal Revenues	18,932	-	-	-	-	49,561	-	-	49,561
Direct Mail and Fundraising Revenues	3,512	-	-	-	-	4,721	15,396	1,313,491	1,333,608
In-Kind Services	5,094	-	-	-	-	439,604	-	-	439,604
Participant Fees	7,410	-	-	-	-	7,410	-	-	7,410
Total Community Support	35,423	-	-	-	491	12,479,897	15,746	1,313,491	13,809,134
Revenues:									
Sales of Food Products	-	659,236	-	1,754,885	-	2,414,121	-	-	2,414,121
Insurance/Government Reimbursements	1,518,356	-	99,898	-	-	4,688,246	-	-	4,688,246
Investment Income, Net	-	-	-	-	-	-	(183,983)	-	(183,983)
Other Income	6,856	-	139,792	-	14,799	275,839	-	-	275,839
Total Revenues	1,525,212	659,236	239,690	1,754,885	14,799	7,378,206	(183,983)	-	7,194,223
Net Assets Released from Restriction	12,445	-	9,215	-	3,930	409,356	-	-	409,356
Total Support and Revenues Without Donor Restrictions	1,573,080	659,236	248,905	1,754,885	19,220	20,267,459	(168,237)	1,313,491	21,412,713
EXPENSES									
Program Expenses:									
Contract Expenses	102,313	76,941	34,035	254,834	-	3,211,624	-	91,844	3,303,468
Food and Supply Costs	46,777	455,922	660	808,706	-	7,930,917	-	-	7,930,917
In-Kind Services	5,094	-	-	-	-	439,604	-	-	439,604
Insurance	55,545	2,205	9,133	15,163	-	548,253	-	12,604	560,857
Other Program Expenses	14,850	136	3,022	957	672	137,959	-	1,470	139,429
Personnel Expense	556,247	21,871	91,876	143,926	-	5,291,867	166,490	128,496	5,586,853
Transportation and Travel	88,239	103	1,567	285	-	210,762	-	1,288	212,050
Vehicle and Fuel	-	-	-	28,911	-	213,510	15	-	213,525
Total Program Expenses	869,065	557,178	140,293	1,252,782	672	17,984,496	166,505	235,702	18,386,703

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Anaheim VIP Center	Cook/Chill	Care Coordination	Social Meals	Other Grants	Total Program Expenses	Management and General	Fundraising	Total
EXPENSES (CONTINUED)									
Support Expenses:									
Depreciation	\$ 47,720	\$ -	\$ -	\$ -	\$ -	\$ 198,672	\$ 156,077	\$ -	\$ 354,749
Employment Expense	5,685	127	1,346	2,094	986	68,391	174	6,097	74,662
Direct Mail and Fundraising Expenses	2,646	-	-	-	-	3,165	5,195	207,933	216,293
Insurance	6,248	8,077	-	16,763	-	144,778	3,204	-	147,982
Miscellaneous	12,375	9,458	416	11,635	4,767	87,834	69,449	12,512	169,795
Office Expense	25,354	3,219	2,258	6,214	1	151,346	-	1,451	152,797
Professional Fees	798	858	798	4,941	-	81,312	20,000	-	101,312
Rent	16,978	-	-	-	-	89,111	357	-	89,468
Repairs and Maintenance	32,237	16,118	-	37,532	-	473,071	-	-	473,071
Small Equipment		80	-	199	-	12,329	594	-	12,923
Technology	13,456	8,356	6	26,707	-	211,099	1,265	9,285	221,649
Telephone and Utilities	16,747	9,736	2,741	22,640	-	316,906	-	756	317,662
Total Support Expenses	180,244	56,029	7,565	128,725	5,754	1,838,014	256,315	238,034	2,332,363
Other Expenses:									
Interest Expense	21,624	-	-	-	-	28,832	23,156	-	51,988
Total Other Expenses	21,624	-	-	-	-	28,832	23,156	-	51,988
Total Expenses	1,070,933	613,207	147,858	1,381,507	6,426	19,851,342	445,976	473,736	20,771,054
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS									
	502,147	46,029	101,047	373,378	12,794	416,117	(614,213)	839,755	641,659
SUPPORT WITH DONOR RESTRICTIONS									
Grants and Awards	12,445	-	9,215	-	(11,675)	393,751	-	-	393,751
Funds Released for Expenditures	(12,445)	-	(9,215)	-	(3,930)	(409,356)	-	-	(409,356)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS									
	-	-	-	-	(15,605)	(15,605)	-	-	(15,605)
INCREASE (DECREASE) IN TOTAL NET ASSETS									
	\$ 502,147	\$ 46,029	\$ 101,047	\$ 373,378	\$ (2,811)	\$ 400,512	\$ (614,213)	\$ 839,755	\$ 626,054

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Title III Services									
	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	Santa Ana VIP Center
SUPPORT AND REVENUES WITHOUT DONOR 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	-	-	-	-	-	-	-	-	-	-
Total Community Support	<u>5,772,512</u>	<u>4,360,019</u>	<u>195,691</u>	<u>293,214</u>	<u>321,884</u>	<u>233,035</u>	<u>37,467,539</u>	<u>733,076</u>	<u>-</u>	<u>-</u>
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
Total Revenues	<u>339,614</u>	<u>2,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,443,573</u>	<u>1,183,294</u>
Net Assets Released from Restriction	<u>545,059</u>	<u>118,638</u>	<u>7,014</u>	<u>-</u>	<u>-</u>	<u>5,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,186</u>
Total Support and Revenues Without Donor Restrictions	<u>6,657,185</u>	<u>4,481,382</u>	<u>202,705</u>	<u>293,214</u>	<u>321,884</u>	<u>238,945</u>	<u>37,467,539</u>	<u>733,076</u>	<u>1,443,573</u>	<u>1,263,480</u>
EXPENSES										
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	-
Total Program Expenses	<u>6,632,434</u>	<u>4,344,727</u>	<u>192,951</u>	<u>228,596</u>	<u>316,279</u>	<u>221,967</u>	<u>23,525,607</u>	<u>510,673</u>	<u>1,392,786</u>	<u>592,337</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Title III Services									
	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	Santa Ana VIP Center
EXPENSES (CONTINUED)										
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
Total Support Expenses	<u>532,104</u>	<u>424,524</u>	<u>14,102</u>	<u>64,216</u>	<u>6,579</u>	<u>19,270</u>	<u>113,900</u>	<u>9,781</u>	<u>6,586</u>	<u>209,939</u>
Other Expenses:										
Interest Expense	-	1,384	-	988	-	99	-	-	-	-
Total Other Expenses	<u>-</u>	<u>1,384</u>	<u>-</u>	<u>988</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>7,164,538</u>	<u>4,770,635</u>	<u>207,053</u>	<u>293,800</u>	<u>322,858</u>	<u>241,336</u>	<u>23,639,507</u>	<u>520,454</u>	<u>1,399,372</u>	<u>802,276</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(507,353)</u>	<u>(289,253)</u>	<u>(4,348)</u>	<u>(586)</u>	<u>(974)</u>	<u>(2,391)</u>	<u>13,828,032</u>	<u>212,622</u>	<u>44,201</u>	<u>461,204</u>
SUPPORT WITH DONOR RESTRICTIONS										
Grants and Awards	545,059	118,638	7,014	-	-	5,910	-	-	-	80,186
Funds Released for Expenditures	<u>(545,059)</u>	<u>(118,638)</u>	<u>(7,014)</u>	<u>-</u>	<u>-</u>	<u>(5,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,186)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN TOTAL NET ASSETS	<u>\$ (507,353)</u>	<u>\$ (289,253)</u>	<u>\$ (4,348)</u>	<u>\$ (586)</u>	<u>\$ (974)</u>	<u>\$ (2,391)</u>	<u>\$ 13,828,032</u>	<u>\$ 212,622</u>	<u>\$ 44,201</u>	<u>\$ 461,204</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Anaheim VIP Center	Cook/Chill	Care Coordination	Social Meals	Other Grants	Total Program Expenses	Management and General	Fundraising	Total
SUPPORT AND REVENUES WITHOUT DONOR 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	-	-	-	-	-	-	-	-	-
Total Community Support	3,091	-	-	-	1,260	49,381,321	5,186	1,518,597	50,905,104
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
Total Revenues	1,461,721	421,949	164,081	1,323,089	(237,674)	6,102,372	185,367	-	6,287,739
Net Assets Released From Restriction	39,520	-	6,750	-	875	803,952	15,280	-	819,232
Total Support And Revenues Without Donor Restrictions	1,504,332	421,949	170,831	1,323,089	(235,539)	56,287,645	205,833	1,518,597	58,012,075
EXPENSES									
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
Total Program Expenses	638,346	353,936	111,929	860,692	-	39,923,260	268,351	168,027	40,359,638

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Anaheim VIP Center	Cook/Chill	Care Coordination	Social Meals	Other Grants	Total Program Expenses	Management and General	Fundraising	Total
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
Small Equipment	-	-	-	-	-	-	-	-	-
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
Total Support Expenses	158,820	25,366	7,857	90,390	6,493	1,689,927	257,679	449,135	2,396,741
Other Expenses:									
Interest Expense	10,232	-	-	-	-	12,703	28,992	-	41,695
Other Expense	-	-	-	-	-	-	-	-	-
Total Other Expenses	10,232	-	-	-	-	12,703	28,992	-	41,695
Total Expenses	807,398	379,302	119,786	951,082	6,493	41,625,890	555,022	617,162	42,798,074
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	696,934	42,647	51,045	372,007	(242,032)	14,661,755	(349,189)	901,435	15,214,001
SUPPORT WITH DONOR RESTRICTIONS									
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)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	(64,692)	(64,692)	-	-	(64,692)
INCREASE (DECREASE) IN TOTAL NET ASSETS	\$ 696,934	\$ 42,647	\$ 51,045	\$ 372,007	\$ (306,724)	\$ 14,597,063	\$ (349,189)	\$ 901,435	\$ 15,149,309

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Total Net Assets	\$ 626,054	\$ 15,149,309
Adjustments to Reconcile Increase in Total Net Assets to Net Cash, Cash Equivalents, and Restricted Cash Provided (Used) by Operating Activities:		
Depreciation	354,749	298,822
Amortization	1,431	-
Loss on Disposal of Equipment	5,908	66,980
Realized and Unrealized (Gains) Losses on Investments	256,584	(119,908)
Changes in Assets:		
Accounts, Grants, and Awards Receivable	494,733	(482,835)
Inventory	(73,323)	(34,130)
Prepaid Expenses	18,437	33,908
Changes in Liabilities:		
Deposits	2,834	16,009
Accounts Payable	(312,165)	(416,081)
Accrued Liabilities	(282,792)	205,129
Net Cash, Cash Equivalents, and Restricted Cash Provided by Operating Activities	1,092,450	14,717,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(179,758)	(2,425,307)
Reinvested Dividends and Interest	(62,311)	(40,769)
Net Cash, Cash Equivalents, and Restricted Cash Used by Investing Activities	(237,529)	(2,466,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	(121,203)	(190,560)
Issuance of New Note Payable	-	1,490,000
Net Cash, Cash Equivalents, and Restricted Cash Provided (Used) by Financing Activities	(121,203)	1,299,440
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	733,718	13,550,567
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	17,812,781	4,262,214
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 18,546,499	\$ 17,812,781
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 51,988	\$ 41,695

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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 (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 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 markers 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.

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.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash (Continued)

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:

	2022	2021
Cash and Cash Equivalents	\$ 18,381,424	\$ 17,646,056
Restricted Cash Included in Other Assets	165,075	166,725
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	\$ 18,546,499	\$ 17,812,781

Restricted cash included in other 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, 2022, cost and estimated fair value of cash and investments are \$2,308,823 and \$2,227,151, respectively. At June 30, 2021, cost and estimated fair value of investments are \$2,251,053 and \$2,425,964, respectively. Net unrealized (losses) gains for the years ended June 30, 2022 and 2021 totaled (\$81,672) and \$174,911, 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, 2022 and 2021, the Organization incurred management fees associated with its investments of approximately \$15,000 for each year.

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, 2022 and 2021.

Inventory

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

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021 was \$354,749 and \$298,822, 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, 2022 and 2021, no impairment losses have been recorded.

Website Development

In accordance with FASB ASC 350-10, *Accounting for Website Development Costs*, the Organization had \$12,426 capitalized for website development costs at June 30, 2022 and 2021. The capitalized amount is fully amortized and included in Property, Plant, and Equipment in the accompanying statements of financial position.

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.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

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, 2022 and 2021.

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, 2022 and 2021.

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.

In-Kind 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, 2022 and 2021, the Organization did not receive any donated professional services.

The Organization receives a significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations. Donated services are recognized as contributions 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. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

In addition to the volunteer services noted below, the Organization received \$37,295 and \$41,337 for transportation services for the years ended June 30, 2022 and 2021.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 (unaudited):

	<u>Number of Volunteers</u>	<u>Number of Hours</u>	<u>Value</u>
Areas of Service:			
Congregate Meals	696	6,844	\$ 100,123
Home-Bound Meals	2,986	19,621	284,736
Anaheim VIP Center	12	355	5,094
Other - Kitchen/Office	301	858	12,356
Total	<u>3,995</u>	<u>27,678</u>	<u>\$ 402,309</u>

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	382	1,535	20,681
Total	<u>3,535</u>	<u>24,540</u>	<u>\$ 331,642</u>

Deferred Income

As of June 30, 2022 and 2021, 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, 2022 and 2021 totaled approximately \$349,000 and \$311,000, respectively and is included in accrued salaries, wage and bonuses in Note 6.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding state code as a charitable organization whereby only unrelated business income, as identified by Section 509(a)(1) of the IRC, is subject to income tax. The Organization had no unrelated business income during the year ended June 30, 2021. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements for the year ended June 30, 2021. The organization had unrelated business income for the year ended June 30, 2022 related to food sales. The Organization paid \$10,000 of tax related to the food sales for the year ended June 30, 2022.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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.

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 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 Accounting Standards Update (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.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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:

	2022	2021
Cash and Cash Equivalents	\$ 18,381,424	\$ 17,646,056
Accounts, Grants, and Awards Receivable	1,697,317	2,192,050
Total Financial Assets Available to Meet General Expenditures Within One Year	\$ 20,078,741	\$ 19,838,106

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 \$2,227,151 and \$2,425,964 as of June 30, 2022 and 2021, 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, 2022 and 2021, the Organization obtained a substantial portion of its support from two sources. Support received from these sources aggregated approximately \$6,871,000 and \$33,659,000 for 2022 and 2021, respectively. At June 30, 2022 and 2021, amounts due from these sources, which are included in accounts, grants, and awards receivable, was approximately \$81,000 and \$117,000, respectively. There were no amounts due from these sources at June 30, 2022.

During the year ended June 30, 2022 the Organization purchased approximately 27% of its raw materials from two suppliers. During the year ended June 30, 2021, there was no supplier concentration noted. At June 30, 2022, amounts due to these suppliers, which are reflected in accounts payable, aggregated approximately \$500.

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

The Organization maintains cash and cash equivalent balances at one financial institution. At June 30, 2022 and 2021, the accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2022 and 2021, the Organization’s balance in excess of the federally insured limit was approximately \$18,402,000 and \$17,461,000, 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, 2022 and 2021, the Organization’s balance in excess of the SIPC-insured limit was approximately \$1,725,000 and \$1,924,000, respectively.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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>2022</u>	<u>2021</u>
Food Sales	\$ 278,799	\$ 213,694
Total Accounts Receivable	<u>\$ 278,799</u>	<u>\$ 213,694</u>

NOTE 5 INVENTORY

Inventory consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Food	\$ 258,218	\$ 220,320
Supplies	177,224	141,799
Total Inventory	<u>\$ 435,442</u>	<u>\$ 362,119</u>

NOTE 6 ACCRUED LIABILITIES

Accrued liabilities at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Accrued Salaries, Wages, and Bonuses	\$ 573,369	\$ 505,816
Deferred Income	30,279	77,073
Other Accrued Expenses	412,667	716,218
Total Accrued Liabilities	<u>\$ 1,016,315</u>	<u>\$ 1,299,107</u>

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, 2022 and 2021, 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, 2022 and 2021, was approximately \$89,000 and \$136,000, respectively. Future minimum rental payments for the next year ending June 30 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 6,697
Total	<u>\$ 6,697</u>

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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>Description</u>	<u>2022</u>	<u>2021</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.	\$ 155,000	\$ 214,583
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.	1,408,112	1,469,732
Deferred Finance Costs	<u>(26,717)</u>	<u>(28,625)</u>
Subtotal	1,536,395	1,655,690
Less: Current Portion	<u>(216,328)</u>	<u>(210,920)</u>
Total Long-Term Debt	<u><u>\$ 1,320,067</u></u>	<u><u>\$ 1,444,770</u></u>

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

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Deferred Finance Costs</u>	<u>Total</u>
2023	\$ 217,759	\$ (1,431)	\$ 216,328
2024	64,036	(1,431)	62,605
2025	65,318	(1,431)	63,887
2026	66,637	(1,431)	65,206
2027	67,982	(1,431)	66,551
Thereafter	<u>1,081,380</u>	<u>(19,562)</u>	<u>1,061,818</u>
Total	<u><u>\$ 1,563,112</u></u>	<u><u>\$ (26,717)</u></u>	<u><u>\$ 1,536,395</u></u>

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 and 2021, the Organization made matching contributions of approximately \$102,000 and \$91,000, respectively.

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

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

	2022	2021
Capital Assets - Released	\$ -	\$ 15,280
Satisfaction of Time Restriction	353,750	654,517
Satisfaction of Purpose Restriction	55,606	149,435
Total Net Assets Released from Restrictions	\$ 409,356	\$ 819,232

NOTE 11 NET ASSETS

Net assets consist of the following at June 30:

	2022	2021
Net Assets Without Donor Restrictions:		
Investment in Property and Equipment	\$ 4,477,763	\$ 4,658,185
Available for Programs	19,878,509	19,056,428
Total Net Assets Without Donor Restrictions	24,356,272	23,714,613
Net Assets With Donor Restrictions:		
Restrictions for Time	2,245	9,124
Restrictions for Purpose	56,274	65,000
Total Net Assets With Donor Restrictions	58,519	74,124
Total Net Assets	\$ 24,414,791	\$ 23,788,737

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 ALLOCATION OF JOINT COSTS

For the years ended June 30, 2022 and 2021, the Organization conducted activities that included appeals for contributions and incurred joint costs of \$216,292 and \$423,925, respectively. For the years ended June 30, 2022 and 2021, these activities included costs from direct mail and outreach campaigns totaling \$184,867 and \$140,498, respectively, and special event costs totaling \$31,425 and \$283,427, respectively.

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 Plan 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, 2022 and 2021.

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.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022:

	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
ASSETS					
Cash, Money Market, and Bank Deposits	\$ 2,323	\$ 2,323	\$ -	\$ -	\$ -
Common Stocks	705,122	705,122	-	-	-
Exchange-Traded Products	94,231	94,231	-	-	-
Fixed Income Securities	1,425,475	1,425,475	-	-	-
Total Investments at Fair Value	<u>\$ 2,227,151</u>	<u>\$ 2,227,151</u>	<u>\$ -</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, 2021:

	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
ASSETS					
Cash, Money Market, and Bank Deposits	\$ 339,963	\$ 339,963	\$ -	\$ -	\$ -
Common Stocks	512,897	512,897	-	-	-
Exchange-Traded Products	12,399	12,399	-	-	-
Fixed Income Securities	1,560,705	1,560,705	-	-	-
Total Investments at Fair Value	<u>\$ 2,425,964</u>	<u>\$ 2,425,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 14 BOARD-DESIGNATED FUNDS

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

	<u>2022</u>	<u>2021</u>
Cash and Investments	<u>\$ 2,227,151</u>	<u>\$ 2,425,964</u>
Total Board-Designated Funds	<u>\$ 2,227,151</u>	<u>\$ 2,425,964</u>

NOTE 15 SUBSEQUENT EVENTS

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of October 28, 2022, 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
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 Meals on Wheels Orange County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 28, 2022 REPORT DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 Meals on Wheels Orange County's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
October 28, 2022



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