

**MEALS ON WHEELS ORANGE COUNTY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**



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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) (the organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, statement of changes in net assets, functional expenses (and corresponding support and revenues), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels Orange County, as of June 30, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, on June 30, 2023, the organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than on year. Our opinion is not modified with respect to this matter.

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.

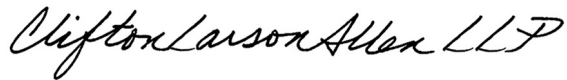
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, 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
November 28, 2023

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,222,912	\$ 18,381,424
Accounts, Grants, and Awards Receivable	4,056,046	1,697,317
Inventory	569,158	435,442
Board-Designated Restricted Cash and Investments	<u>7,666,720</u>	<u>2,227,151</u>
Total Current Assets	14,514,836	22,741,334
PROPERTY, PLANT, AND EQUIPMENT		
Land	800,492	800,492
Building and Improvements	4,354,428	4,278,778
Equipment, Furniture and Fixtures, Vehicles, and Website	4,630,563	4,228,099
Construction in Progress	<u>67,817</u>	<u>-</u>
Total Property, Plant, and Equipment, at Cost	9,853,300	9,307,369
Less: Accumulated Depreciation	<u>(5,166,358)</u>	<u>(4,829,606)</u>
Property, Plant, and Equipment, at Net Book Value	4,686,942	4,477,763
OPERATING RIGHT OF USE ASSET, NET	35,673	-
OTHER ASSETS		
Deposits	2,200	2,200
Debt Service Restricted Cash	<u>-</u>	<u>165,075</u>
Total Other Assets	<u>2,200</u>	<u>167,275</u>
Total Assets	<u><u>\$ 19,239,651</u></u>	<u><u>\$ 27,386,372</u></u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 442,965	\$ 418,871
Accrued Liabilities	998,049	1,016,315
Current Lease Liability - Operating	11,444	-
Note Payable, Current Portion	64,036	216,328
Total Current Liabilities	<u>1,516,494</u>	<u>1,651,514</u>
LONG-TERM LIABILITIES		
Note Payable, Net of Current Portion	1,255,927	1,320,067
Long-Term Lease Liability - Operating (Less Current Maturities)	23,544	-
Total Long-Term Liabilities	<u>1,279,471</u>	<u>1,320,067</u>
Total Liabilities	2,795,965	2,971,581
NET ASSETS		
Without Donor Restrictions	16,104,697	24,356,272
With Donor Restrictions	338,989	58,519
Total Net Assets	<u>16,443,686</u>	<u>24,414,791</u>
Total Liabilities and Net Assets	<u>\$ 19,239,651</u>	<u>\$ 27,386,372</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Community Support:			
Grants and Awards	\$ 11,398,276	\$ -	\$ 11,398,276
Contributions and Donations	267,268	-	267,268
Department of Education Meal Revenues	110,474	-	110,474
Direct Mail and Fundraising Revenues	1,643,167	-	1,643,167
In-Kind Services	732,862	-	732,862
Participant Fees	42,465	-	42,465
Total Community Support	14,194,512	-	14,194,512
Revenues:			
Sales of Food Products	2,931,742	-	2,931,742
Insurance/Government Reimbursements	2,561,602	-	2,561,602
Investment Income, Net	231,715	-	231,715
Other Income	258,944	-	258,944
Total Revenues	5,984,003	-	5,984,003
Net Assets Released from Restriction	310,549	-	310,549
Total Support and Revenues	20,489,064	-	20,489,064
EXPENSES			
Program Services	27,389,830	-	27,389,830
Management and General	689,126	-	689,126
Fundraising	661,683	-	661,683
Total Expenses	28,740,639	-	28,740,639
CHANGE IN NET ASSETS	(8,251,575)	-	(8,251,575)
Grants and Awards	-	591,019	591,019
Funds Released for Expenditures	-	(310,549)	(310,549)
Change in Net Assets with Donor Restrictions	-	280,470	280,470
Change in Total Net Assets	\$ (8,251,575)	\$ 280,470	\$ (7,971,105)

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Community Support:			
Grants and Awards	\$ 11,752,736	\$ -	\$ 11,752,736
Contributions and Donations	226,215	-	226,215
Direct Mail and Fundraising Revenues	1,333,608	-	1,333,608
In-Kind Services	439,604	-	439,604
Total Community Support	13,809,134	-	13,809,134
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	7,194,223	-	7,194,223
Net Assets Released from Restriction	409,356	-	409,356
Total Support and Revenues	21,412,713	-	21,412,713
EXPENSES			
Program Services	19,851,342	-	19,851,342
Management and General	445,976	-	445,976
Fundraising	473,736	-	473,736
Total Expenses	20,771,054	-	20,771,054
CHANGE IN NET ASSETS	641,659	-	641,659
Grants and Awards	-	393,751	393,751
Funds Released for Expenditures	-	(409,356)	(409,356)
Change in Net Assets with Donor Restrictions	-	(15,605)	(15,605)
Change in Total Net Assets	\$ 641,659	\$ (15,605)	\$ 626,054

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
NET ASSETS - JUNE 30, 2021	\$ 23,714,613	\$ 74,124	\$ 23,788,737
Increase (Decrease) in Net Assets, Year Ended June 30, 2022	<u>641,659</u>	<u>(15,605)</u>	<u>626,054</u>
NET ASSETS - JUNE 30, 2022	24,356,272	58,519	24,414,791
Increase (Decrease) in Net Assets, Year Ended June 30, 2023	<u>(8,251,575)</u>	<u>280,470</u>	<u>(7,971,105)</u>
NET ASSETS - JUNE 30, 2023	<u><u>\$ 16,104,697</u></u>	<u><u>\$ 338,989</u></u>	<u><u>\$ 16,443,686</u></u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	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	Santa Ana VIP Center
SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS								
Community Support:								
Grants and Awards	\$ 4,765,364	\$ 5,759,232	\$ 199,788	\$ 209,706	\$ 236,810	\$ 182,602	\$ -	\$ 3,990
Contributions and Donations	141,644	106,578	14,357	2,879	1,680	130	-	-
Department of Education Meal Revenues	-	-	9,540	-	-	-	-	45,178
Direct Mail and Fundraising Revenues	-	-	1,551	-	-	-	-	442
In-Kind Services	337,880	327,567	1,348	780	52,782	11,944	-	186
Participant Fees	-	-	-	-	-	-	-	1,140
Total Community Support	5,244,888	6,193,377	226,584	213,365	291,272	194,676	-	50,936
Revenues:								
Sales of Food Products	-	-	-	-	-	-	-	-
Insurance/Government Reimbursements	-	-	23,640	-	-	-	-	1,039,894
Investment Income, Net	-	-	-	-	-	-	-	-
Other Income	-	-	18,533	13,813	-	17,602	-	2,273
Total Revenues	-	-	42,173	13,813	-	17,602	-	1,042,167
Net Assets Released from Restriction	102,203	112,252	5,233	10,000	-	-	-	35,947
Total Support and Revenues Without Donor Restrictions	5,347,091	6,305,629	273,990	237,178	291,272	212,278	-	1,129,050
EXPENSES								
Program Expenses:								
Contract Expenses	1,091,512	1,378,336	885	16,644	179,456	159,796	-	147,807
Food and Supply Costs	1,267,876	1,899,740	32,955	-	-	-	-	117,628
In-Kind Services	337,880	327,567	1,348	780	52,782	11,944	-	186
Insurance	231,812	180,632	22,362	15,808	6,487	5,791	-	72,345
Other Program Expenses	16,070	16,223	1,877	1,094	658	688	8,880,376	32,703
Personnel Expense	2,139,624	1,620,086	211,810	147,110	51,497	50,874	-	700,486
Transportation and Travel	25,772	20,835	31,098	2,835	340	543	-	87,918
Vehicle and Fuel	85,593	99,836	-	-	-	-	-	-
Total Program Expenses	5,196,139	5,543,255	302,335	184,271	291,220	229,636	8,880,376	1,159,073

See accompanying Notes to Financial Statements.

MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2023

	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	Santa Ana VIP Center
EXPENSES (CONTINUED)								
Support Expenses:								
Depreciation	\$ 52,962	\$ 62,456	\$ 2,714	\$ 2,349	\$ 2,885	\$ 2,103	\$ -	\$ 8,596
Employment Expense	44,325	34,439	1,351	1,316	1,194	778	-	6,794
Direct Mail and Fundraising Expenses	79	90	473	2	-	-	-	455
Insurance	66,515	53,902	1,969	1,311	-	1,969	-	7,863
Miscellaneous	6,925	11,263	1,766	234	245	226	-	13,702
Office Expense	38,179	48,260	1,775	8,363	22	1,806	-	16,057
Professional Fees	24,960	26,662	2,606	2,606	2,934	1,955	-	652
Rent	-	1,944	-	1,237	-	133	-	69,095
Repairs and Maintenance	186,689	122,539	43	9,042	43	3,027	-	31,316
Small Equipment	-	-	-	-	-	-	-	-
Technology	94,781	75,959	3,042	8,630	57	3,722	-	16,813
Telephone and Utilities	123,401	107,933	2,419	14,208	205	4,957	-	28,716
Total Support Expenses	638,816	545,447	18,158	49,298	7,585	20,676	-	200,059
Other Expenses:								
Interest Expense	-	4,093	-	2,528	-	276	-	-
Other Expense	-	-	-	-	-	-	-	-
Total Other Expenses	-	4,093	-	2,528	-	276	-	-
Total Expenses	5,834,955	6,092,795	320,493	236,097	298,805	250,588	8,880,376	1,359,132
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(487,864)</u>	<u>212,834</u>	<u>(46,503)</u>	<u>1,081</u>	<u>(7,533)</u>	<u>(38,310)</u>	<u>(8,880,376)</u>	<u>(230,082)</u>
SUPPORT WITH DONOR RESTRICTIONS:								
Grants and Awards	102,203	112,252	5,233	10,000	-	-	-	35,947
Funds Released for Expenditures	<u>(102,203)</u>	<u>(112,252)</u>	<u>(5,233)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,947)</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>
INCREASE (DECREASE) IN TOTAL NET ASSETS	<u>\$ (487,864)</u>	<u>\$ 212,834</u>	<u>\$ (46,503)</u>	<u>\$ 1,081</u>	<u>\$ (7,533)</u>	<u>\$ (38,310)</u>	<u>\$ (8,880,376)</u>	<u>\$ (230,082)</u>

See accompanying Notes to Financial Statements.

MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2023

	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	\$ 2,280	\$ -	\$ -	\$ -	\$ 21,301	\$ 11,381,073	17,203	\$ -	\$ 11,398,276
Contributions and Donations	-	-	-	-	-	267,268	-	-	267,268
Department of Education Meal Revenues	55,756	-	-	-	-	110,474	-	-	110,474
Direct Mail and Fundraising Revenues	348	-	-	-	-	2,341	8,066	1,632,760	1,643,167
In-Kind Services	375	-	-	-	-	732,862	-	-	732,862
Participant Fees	41,325	-	-	-	-	42,465	-	-	42,465
Total Community Support	100,084	-	-	-	21,301	12,536,483	25,269	1,632,760	14,194,512
Revenues:									
Sales of Food Products	-	810,588	-	2,121,154	-	2,931,742	-	-	2,931,742
Insurance/Government Reimbursements	1,220,085	-	271,485	6,498	-	2,561,602	-	-	2,561,602
Investment Income, Net	-	-	-	-	-	-	231,715	-	231,715
Other Income	2,331	-	150,616	-	2,918	208,086	50,858	-	258,944
Total Revenues	1,222,416	810,588	422,101	2,127,652	2,918	5,701,430	282,573	-	5,984,003
Net Assets Released from Restriction	27,537	-	2,377	-	15,000	310,549	-	-	310,549
Total Support and Revenues Without Donor Restrictions	1,350,037	810,588	424,478	2,127,652	39,219	18,548,462	307,842	1,632,760	20,489,064
EXPENSES									
Program Expenses:									
Contract Expenses	129,042	88,875	28,982	446,791	-	3,668,126	25,354	108,699	3,802,179
Food and Supply Costs	116,621	565,699	74	899,957	-	4,900,550	-	-	4,900,550
In-Kind Services	375	-	-	-	-	732,862	-	-	732,862
Insurance	67,307	2,238	15,342	14,124	-	634,248	-	14,699	648,947
Other Program Expenses	31,985	140	3,349	1,977	561	8,987,701	-	700	8,988,401
Personnel Expense	671,209	20,794	149,579	127,175	-	5,890,244	127,500	143,678	6,161,422
Transportation and Travel	201,827	245	3,661	1,236	-	376,310	-	587	376,897
Vehicle and Fuel	-	-	-	60,232	-	245,661	-	-	245,661
Total Program Expenses	1,218,366	677,991	200,987	1,551,492	561	25,435,702	152,854	268,363	25,856,919

See accompanying Notes to Financial Statements.

MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Anaheim VIP Center	Cook/Chill	Care Coordination	Social Meals	Other Grants	Total Program Expenses	Management and General	Fundraising	Total
EXPENSES (CONTINUED)									
Support Expenses:									
Depreciation	\$ 47,254	\$ -	\$ -	\$ -	\$ -	\$ 181,319	\$ 163,821	\$ -	\$ 345,140
Employment Expense	6,637	264	1,224	8,386	20	106,728	198	801	107,727
Direct Mail and Fundraising Expenses	561	-	-	-	-	1,660	5,195	371,665	378,520
Insurance	7,863	10,257	1,327	25,993	-	178,969	-	-	178,969
Miscellaneous	14,545	17,964	1,022	7,622	15,999	91,513	55,926	12,882	160,321
Office Expense	24,030	4,047	1,388	7,733	-	151,660	12	517	152,189
Professional Fees	652	739	652	2,476	-	66,894	309,870	-	376,764
Rent	18,975	-	-	-	-	91,384	(328)	-	91,056
Repairs and Maintenance	32,563	16,611	-	36,561	-	438,434	(356)	-	438,078
Small Equipment	-	-	-	-	-	-	1,702	-	1,702
Technology	18,471	12,964	1,990	35,573	-	272,002	232	6,707	278,941
Telephone and Utilities	18,599	13,007	3,730	28,802	-	345,977	-	748	346,725
Total Support Expenses	190,150	75,853	11,333	153,146	16,019	1,926,540	536,272	393,320	2,856,132
Other Expenses:									
Interest Expense	20,691	-	-	-	-	27,588	-	-	27,588
Total Other Expenses	20,691	-	-	-	-	27,588	-	-	27,588
Total Expenses	1,429,207	753,844	212,320	1,704,638	16,580	27,389,830	689,126	661,683	28,740,639
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(79,170)	56,744	212,158	423,014	22,639	(8,841,368)	(381,284)	971,077	(8,251,575)
SUPPORT WITH DONOR RESTRICTIONS									
Grants and Awards	27,537	-	2,377	-	295,470	591,019	-	-	591,019
Funds Released for Expenditures	(27,537)	-	(2,377)	-	(15,000)	(310,549)	-	-	(310,549)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	280,470	280,470	-	-	280,470
INCREASE (DECREASE) IN TOTAL NET ASSETS	<u>\$ (79,170)</u>	<u>\$ 56,744</u>	<u>\$ 212,158</u>	<u>\$ 423,014</u>	<u>\$ 303,109</u>	<u>\$ (8,560,898)</u>	<u>\$ (381,284)</u>	<u>\$ 971,077</u>	<u>\$ (7,971,105)</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND 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	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	-	-	-	-	1,752,428	1,304,623
Investment Income, Net	-	-	-	-	-	-	-	-	-
Other Income	-	78,876	30,423	-	-	-	-	-	5,093
Total Revenues	-	78,876	43,365	-	-	-	-	1,752,428	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	1,752,428	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	24,435	0	0	-	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	1,302	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 REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Title III Services						Orange County		Santa Ana
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Adult Day Care Program	Case Management Program	Transportation Program	In-Home Support Services	Health Care Agency	District 4	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	662,440	480,138	15,481	52,072	6,979	17,853	8,351	20,866	195,517
Other Expenses:									
Interest Expense	-	4,179	-	2,741	-	288	-	-	-
Other Expense	-	-	-	-	-	-	-	-	-
Total Other Expenses	-	4,179	-	2,741	-	288	-	-	-
Total Expenses	7,745,154	5,129,025	247,472	235,950	269,147	235,073	177,279	1,522,280	1,070,031
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>80,781</u>	<u>230,148</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>(14,820)</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>
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>\$ 80,781</u>	<u>\$ 230,148</u>	<u>\$ 285,814</u>

See accompanying Notes to Financial Statements.

MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND 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	-	7,930,884	-	-	7,930,884
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	137,992	-	1,470	139,462
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 REVENUES, SUPPORT, AND 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 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
Other Expense	-	-	-	-	-	-	-	-	-
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	<u>\$ 502,147</u>	<u>\$ 46,029</u>	<u>\$ 101,047</u>	<u>\$ 373,378</u>	<u>\$ (2,811)</u>	<u>\$ 400,512</u>	<u>\$ (614,213)</u>	<u>\$ 839,755</u>	<u>\$ 626,054</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Total Net Assets	\$ (7,971,105)	\$ 626,054
Adjustments to Reconcile Increase in Total Net Assets to Net Cash, Cash Equivalents, and Restricted Cash (Used) Provided by Operating Activities:		
Depreciation	345,140	354,749
Amortization	1,432	1,431
Loss on Disposal of Equipment	-	5,908
Realized and Unrealized (Gains) Losses on Investments	(157,953)	256,584
Noncash Lease Benefit	(685)	-
Changes in Assets:		
Accounts, Grants, and Awards Receivable	(2,358,729)	494,733
Inventory	(133,716)	(73,323)
Prepaid Expenses	-	18,437
Changes in Liabilities:		
Deposits	-	2,834
Accounts Payable	24,094	(312,165)
Accrued Liabilities	(18,266)	(282,792)
Net Cash, Cash Equivalents, and Restricted Cash (Used) Provided by Operating Activities	<u>(10,269,788)</u>	<u>1,092,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(554,319)	(179,758)
Purchases of Investments	(8,907,340)	-
Sales of Investments	3,696,340	4,540
Reinvested Dividends and Interest	(70,616)	(62,311)
Net Cash, Cash Equivalents, and Restricted Cash Used by Investing Activities	<u>(5,835,935)</u>	<u>(237,529)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	(217,864)	(121,203)
Net Cash, Cash Equivalents, and Restricted Cash Used by Financing Activities	<u>(217,864)</u>	<u>(121,203)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(16,323,587)</u>	<u>733,718</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>18,546,499</u>	<u>17,812,781</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 2,222,912</u></u>	<u><u>\$ 18,546,499</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	<u><u>\$ 27,588</u></u>	<u><u>\$ 51,988</u></u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 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.

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, 2023 AND 2022**

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:

	2023	2022
Cash and Cash Equivalents	\$ 2,222,912	\$ 18,381,424
Restricted Cash Included in Other Assets	-	165,075
Total Cash, Cash Equivalents, and Restricted		
Cash Shown in the Statements of Cash Flows	<u>\$ 2,222,912</u>	<u>\$ 18,546,499</u>

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, 2023, cost and estimated fair value of cash and investments are \$7,607,389 and \$7,666,720, respectively. At June 30, 2022, cost and estimated fair value of investments are \$2,308,823 and \$2,227,151, respectively. Net unrealized (losses) gains for the years ended June 30, 2023 and 2022 totaled \$59,331 and \$(81,672), 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, 2023 and 2022, the Organization incurred management fees associated with its investments of approximately \$21,000 and \$15,000, respectively.

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, 2023 and 2022.

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, 2023 AND 2022

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, 2023 and 2022 was \$345,140 and \$354,749, 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, 2023 and 2022, 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, 2023 and 2022. 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, 2023 AND 2022**

**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, 2023 and 2022.

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, 2023 and 2022.

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, 2023 and 2022, 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 \$52,782 and \$37,295 for transportation services for the years ended June 30, 2023 and 2022, respectively.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

In-Kind Contributions (Continued)

The value of such volunteer time was estimated using the minimum wage rates as follows for the year ended June 30, 2023 (unaudited):

	Number of Volunteers	Number of Hours	Value
Areas of Service:			
Buena Park	6	84	\$ 1,348
Congregate Meals	1,908	22,058	337,882
Home-Bound Meals	3,548	21,458	327,568
Santa Ana VIP Center	1	12	186
Anaheim VIP Center	2	30	375
Other - Kitchen/Office	261	832	12,721
Total	<u>5,726</u>	<u>44,474</u>	<u>\$ 680,080</u>

The value of such volunteer time was estimated using the minimum wage rates as follows for the year ended June 30, 2022 (unaudited):

	Number of Volunteers	Number of Hours	Value
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>

Deferred Income

As of June 30, 2023 and 2022, 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, 2023 and 2022 totaled approximately \$391,000 and \$349,000, respectively and is included in accrued salaries, wage and bonuses in Note 6.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

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, 2023. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements for the year ended June 30, 2023. 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.

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.

Adoption of New Accounting Standards

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022, are made under prior lease guidance in FASB ASC 840.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Adoption of New Accounting Standards (Continued)

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The accounting for finance leases, if any, remained substantially unchanged as a result of implementation.

There was no lease liability or right-of-use asset recognized on July 1, 2022, as a result of the adoption of the new lease accounting guidance.

The standard did not have a material impact on the statement of financial position, the statement of activities, or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases during the year for new operating leases.

Leases

The Organization leases equipment under noncancelable lease arrangements. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the accompanying statements of financial positions. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, the Organization has elected to use a risk-free discount rate of a period comparable with that of the lease term for computing the present value of lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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

Leases (Continued)

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the accompanying statement of financial positions.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additionally, the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use the risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,222,912	\$ 18,381,424
Accounts, Grants, and Awards Receivable	<u>4,056,046</u>	<u>1,697,317</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 6,278,958</u></u>	<u><u>\$ 20,078,741</u></u>

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 \$7,666,720 and \$2,227,151 as of June 30, 2023 and 2022, 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.

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CONCENTRATIONS, RISKS, AND UNCERTAINTIES

During the years ended June 30, 2023 and 2022, the Organization obtained a substantial portion of its support from two sources. Support received from these sources aggregated approximately \$8,011,036 and \$6,871,000 for 2023 and 2022, respectively. At June 30, 2023 and 2022, amounts due from these sources, which are included in accounts, grants, and awards receivable, was approximately \$1,310,000 and \$81,000, respectively.

During the year ended June 30, 2023 the Organization purchased approximately 12% of its raw materials from one supplier. During the year ended June 30, 2022, the Organization purchased approximately 27% of its raw materials from two suppliers. At June 30, 2023, amounts due to these suppliers, which are reflected in accounts payable, aggregated approximately \$17,000 and \$500, respectively.

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, 2023 and 2022, the accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2023 and 2022, the Organization's balance in excess of the federally insured limit was approximately \$2,137,000 and \$18,402,000, 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, 2023 and 2022, the Organization's balance in excess of the SIPC-insured limit was approximately \$2,136,576 and \$1,725,000, 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:

	2023	2022	2021
Food Sales	<u>\$ 401,633</u>	<u>\$ 278,799</u>	<u>\$ 213,694</u>
Total Accounts Receivable	<u><u>\$ 401,633</u></u>	<u><u>\$ 278,799</u></u>	<u><u>\$ 213,694</u></u>

NOTE 5 INVENTORY

Inventory consists of the following at June 30:

	2023	2022
Food	\$ 431,550	\$ 258,218
Supplies	137,608	177,224
Total Inventory	<u><u>\$ 569,158</u></u>	<u><u>\$ 435,442</u></u>

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 ACCRUED LIABILITIES

Accrued liabilities at June 30 consist of the following:

	2023	2022
Accrued Salaries, Wages, and Bonuses	\$ 624,431	\$ 573,369
Deferred Income	27,938	30,279
Other Accrued Expenses	345,680	412,667
Total Accrued Liabilities	<u>\$ 998,049</u>	<u>\$ 1,016,315</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, 2023 and 2022, there were no material contingent liabilities associated with these contracts.

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.

Temporary Meal Program

During the fiscal year ended June 30, 2023, the Organization incurred \$8,880,376 of expense related to the COVID relief program for the year ended June 30, 2021. This expense is pursuant to an agreement with the County of Orange and is recorded as other program expenses in the statement of revenues, support, and functional expenses.

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 NOTE PAYABLE

Note payable as of June 30 consists of the following:

<u>Description</u>	<u>2023</u>	<u>2022</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 matured in December 2022 and was secured by real property.	\$ -	\$ 155,000
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.	1,345,248	1,408,112
Deferred Finance Costs	<u>(25,285)</u>	<u>(26,717)</u>
Subtotal	1,319,963	1,536,395
Less: Current Portion	<u>(64,036)</u>	<u>(216,328)</u>
Total Long-Term Debt	<u><u>\$ 1,255,927</u></u>	<u><u>\$ 1,320,067</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>
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
2028	69,354	(1,431)	67,923
Thereafter	1,011,921	(18,130)	993,791
Total	<u><u>\$ 1,345,248</u></u>	<u><u>\$ (25,285)</u></u>	<u><u>\$ 1,319,963</u></u>

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 and 2022, the Organization made matching contributions of approximately \$96,000 and \$102,000, respectively.

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

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

	2023	2022
Satisfaction of Time Restriction	\$ 296,010	\$ 353,750
Satisfaction of Purpose Restriction	14,539	55,606
Total Net Assets Released from Restrictions	<u>\$ 310,549</u>	<u>\$ 409,356</u>

NOTE 11 NET ASSETS

Net assets consist of the following at June 30:

	2023	2022
Net Assets Without Donor Restrictions:		
Investment in Property and Equipment	\$ 4,686,942	\$ 4,477,763
Available for Programs	11,417,755	19,878,509
Total Net Assets Without Donor Restrictions	<u>16,104,697</u>	<u>24,356,272</u>
Net Assets With Donor Restrictions:		
Restrictions for Time	-	2,245
Restrictions for Purpose	338,989	56,274
Total Net Assets With Donor Restrictions	<u>338,989</u>	<u>58,519</u>
Total Net Assets	<u>\$ 16,443,686</u>	<u>\$ 24,414,791</u>

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 ALLOCATION OF JOINT COSTS

For the years ended June 30, 2023 and 2022, the Organization conducted activities that included appeals for contributions and incurred joint costs of \$378,520 and \$216,292, respectively. For the years ended June 30, 2023 and 2022, these activities included costs from direct mail and outreach campaigns totaling \$209,836 and \$184,867, respectively, and special event costs totaling \$168,684 and \$31,425, 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, 2023 and 2022.

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, 2023 AND 2022

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, 2023:

		Fair Value Measurements at Report Date Using			
		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	Total				
Cash, Money Market, and Bank Deposits	\$ 292,969	\$ 292,969	\$ -	\$ -	\$ -
Common Stocks	420,959	420,959	-	-	-
Exchange-Traded Products	93,597	93,597	-	-	-
Fixed Income Securities	6,859,195	6,859,195	-	-	-
Total Investments at Fair Value	\$ 7,666,720	\$ 7,666,720	\$ -	\$ -	\$ -

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			
		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	Total				
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	\$ 2,227,151	\$ 2,227,151	\$ -	\$ -	\$ -

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 BOARD-DESIGNATED FUNDS

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

	2023	2022
Cash and Investments	\$ 7,666,720	\$ 2,227,151
Total Board-Designated Funds	<u>\$ 7,666,720</u>	<u>\$ 2,227,151</u>

NOTE 15 LEASES

Operating Leases – ASC 842

The Organization elected to apply the provision of FASB ASC 842 to the beginning of the period of adoption of July 1, 2022, through a cumulative effect adjustment, with certain practical expedients available. See Note 1.

The Organization leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's leases:

Operating Lease Cost	\$ 10,562
Other Information:	
Operating Cash Flows from Operating Leases	\$ 4,970
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 39,387
Weighted-Average Remaining Lease Term - Operating Leases	2.9 Years
Weighted-Average Discount Rate - Operating Leases	4.05%

The Organization classifies discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ 12,607
2025	12,607
2026	11,320
2027	518
Total Lease Payments	<u>37,052</u>
Less: Interest	<u>(2,064)</u>
Present Value of Lease Liabilities	<u>\$ 34,988</u>

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 LEASES (CONTINUED)

Operating Leases – ASC 840

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840. The Organization leases office equipment under various noncancelable agreements. Total rent expense under these operating leases was approximately \$89,000. Future minimum rent commitments under this facility lease were as follows:

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

NOTE 16 SUBSEQUENT EVENTS

Events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of November 28, 2023, 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, 2023, 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 November 28, 2023.

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.

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

CliftonLarsonAllen LLP

Irvine, California
November 28, 2023

