

Community Seniorserv, Inc.
dba Meals on Wheels Orange County

Financial Statements
and Single Audit Reports and Schedules

June 30, 2025
(With Comparative Totals for 2024)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 3
Statement of Financial Position	4 - 5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 25
Single Audit Reports and Schedules	
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 <i>Government Auditing Standards</i>	27 - 28
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	29 - 31
Schedule of Expenditures of Federal Awards	32 - 33
Notes to Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35 - 36
Summary Schedule of Prior Audit Findings	37



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Seniorserv, Inc.
dba Meals on Wheels Orange County

Opinion

We have audited the accompanying financial statements of Community Seniorserv, Inc. dba Meals on Wheels Orange County (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, 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 Community Seniorserv, Inc. dba Meals on Wheels Orange County as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Seniorserv, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Community Seniorserv, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Community Seniorserv, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Seniorserv, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements of Community Seniorserv, Inc. dba Meals on Wheels Orange County as of June 30, 2024, were audited by other auditors whose report dated December 5, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent in all material respects, with the audited financial statements from which it has been derived.



Los Angeles, California

December 19, 2025

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,228,697	\$ 3,624,809
Contributions and grants receivable, net	2,891,495	2,637,342
Accounts receivable, net	781,273	1,093,346
Inventories	385,826	348,177
Prepaid expenses and other current assets	123,424	46,810
Board-designated investments	<u>7,629,125</u>	<u>7,168,461</u>
Total current assets	<u>17,039,840</u>	<u>14,918,945</u>
Property, plant, and equipment		
Land	800,492	800,492
Buildings	3,749,683	3,749,683
Leasehold improvements	435,370	475,517
Equipment, furniture and fixtures	776,587	849,535
Automobiles	1,587,744	1,432,142
Furniture and fixtures	3,331,802	3,365,960
Software	26,800	26,800
Construction in progress	380,146	221,566
Accumulated depreciation	<u>(5,741,556)</u>	<u>(5,476,162)</u>
Total property, plant, and equipment	<u>5,347,068</u>	<u>5,445,533</u>
Other assets		
Operating lease right-of-use assets, net	52,163	149,361
Deposits	<u>2,510</u>	<u>4,710</u>
Total other assets	<u>54,673</u>	<u>154,071</u>
 Total assets	 <u>\$ 22,441,581</u>	 <u>\$ 20,518,549</u>

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

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 551,840	\$ 609,652
Accrued expenses	1,065,593	1,050,521
Deferred income	3,820	20,994
Current portion of operating lease liabilities	38,292	99,842
Current portion of note payable	66,637	65,318
Total current liabilities	1,726,182	1,846,327
Long-term liabilities		
Note payable, net of current portion	1,126,628	1,191,943
Operating lease liabilities, net of current portion	9,925	48,217
Total long-term liabilities	1,136,553	1,240,160
Total liabilities	2,862,735	3,086,487
Net assets		
Without donor restrictions	19,515,645	17,270,476
With donor restrictions	63,201	161,586
Total net assets	19,578,846	17,432,062
Total liabilities and net assets	\$ 22,441,581	\$ 20,518,549

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

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains, and other support				
Grants and awards	\$ 11,259,531	\$ 437,500	\$ 11,697,031	\$ 11,899,490
Contributions and donations	270,608	-	270,608	278,870
Department of Education Meal Revenues	109,669	-	109,669	133,341
Proceeds from fundraising events, net	1,929,914	-	1,929,914	1,568,660
In-kind contributions	1,109,824	-	1,109,824	964,418
Participation fees	23,845	-	23,845	50,445
Sales of food products	2,964,790	-	2,964,790	2,974,951
Insurance Revenue	2,480,712	-	2,480,712	2,544,035
Investment Gains, net	473,611	-	473,611	396,489
Other revenue	301,015	-	301,015	180,821
Total revenues, gains, and other support	20,923,519	437,500	21,361,019	20,991,520
Net assets released from restriction	535,885	(535,885)	-	-
Total revenues, gains, and other support	21,459,404	(98,385)	21,361,019	20,991,520
Functional expenses				
Program services				
Title III-C Elderly Nutrition Services	11,025,237	-	11,025,237	11,433,740
Title III-B Supportive Services	1,437,321	-	1,437,321	1,065,996
Older Adults Recovery and Resilience	69,231	-	69,231	75,201
Insurance Reimbursements	4,080,005	-	4,080,005	3,725,911
Commercial Kitchen	1,720,483	-	1,720,483	2,568,170
Total program services	18,332,277	-	18,332,277	18,869,018
Support services				
Management and general	627,051	-	627,051	504,464
Fundraising	686,213	-	686,213	629,662
Total support services	1,313,264	-	1,313,264	1,134,126
Total functional expenses	19,645,541	-	19,645,541	20,003,144
Change in net assets from operations	1,813,863	(98,385)	1,715,478	988,376
Non-operating gains				
Gain on disposals of assets, net	179,462	-	179,462	-
Bad debt recovery	251,844	-	251,844	-
Total non-operating gains	431,306	-	431,306	-
Change in net assets	2,245,169	(98,385)	2,146,784	988,376
Net assets, beginning of year	17,270,476	161,586	17,432,062	16,443,686
Net assets, end of year	\$ 19,515,645	\$ 63,201	\$ 19,578,846	\$ 17,432,062

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

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Title III-C Elderly Nutrition Services	Title III-B Supportive Services	Older Adults Recovery and Resilience	Insurance Reimbursements	Commercial Kitchen	Management and General	Fundraising	2025 Total	2024 Total
Program expenses									
Contract expenses	\$ 1,808,464	\$ 576,297	\$ 7,656	\$ 700,546	\$ 383,291	\$ 152	\$ 95,122	\$ 3,571,528	\$ 3,771,022
Supplies	2,742,092	34,943	7,176	490,382	929,135	-	-	4,203,728	4,265,185
Outside services	1,021,423	72,784	-	6,343	-	7,633	1,641	1,109,824	964,418
Insurance	395,945	58,928	3,481	183,283	22,823	-	12,619	677,079	681,188
Miscellaneous	18,860	3,275	9,008	43,239	563	8,861	8,428	92,234	144,191
Employee payroll and benefits	3,699,269	531,545	30,655	1,823,417	184,145	162,988	138,856	6,570,875	6,344,687
Travel	32,254	53,170	863	282,589	753	13,422	1,139	384,190	450,977
Transportation	209,050	-	1,175	27,606	34,412	698	-	272,941	286,335
Total program expenses	9,927,357	1,330,942	60,014	3,557,405	1,555,122	193,754	257,805	16,882,399	16,908,003
Depreciation	85,451	13,175	-	82,897	12,877	240,184	-	434,584	405,978
Employee expenses	29,701	3,835	2	14,467	1,112	6,074	27,962	83,153	191,137
Advertising	536	69	-	69	-	9,340	360,314	370,328	370,602
Insurance	160,120	7,959	306	39,099	39,779	-	-	247,263	216,998
Miscellaneous	39,141	15,504	4,504	25,089	-	43,463	17,886	145,587	164,664
Office expense	63,941	11,351	278	36,184	7,423	3,450	1,598	124,225	131,448
Accounting fees	79,534	13,831	450	9,645	2,893	37,358	-	143,711	95,853
Amortization	3,848	2,565	-	120,501	2	-	-	126,916	114,552
Repairs and maintenance	225,842	8,790	1,128	72,529	35,873	1,055	-	345,217	459,602
Equipment	2,064	-	-	162	323	-	-	2,549	33,339
Computer expenses	212,716	12,834	1,295	52,131	36,113	-	18,976	334,065	266,257
Telephone	191,176	13,926	1,254	50,776	28,966	-	1,672	287,770	325,565
Bad debt expense	-	-	-	-	-	92,373	-	92,373	293,838
Interest expense	3,810	2,540	-	19,051	-	-	-	25,401	26,318
	<u>\$ 11,025,237</u>	<u>\$ 1,437,321</u>	<u>\$ 69,231</u>	<u>\$ 4,080,005</u>	<u>\$ 1,720,483</u>	<u>\$ 627,051</u>	<u>\$ 686,213</u>	<u>\$ 19,645,541</u>	<u>\$ 20,004,154</u>

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

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 2,146,784	\$ 988,376
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	434,584	405,978
Gain on sale of equipment	(205,000)	-
Loss on disposal of equipment	32,250	-
Amortization of operating right-of-use asset	97,198	-
Credit loss expense/(recovery)	(251,844)	293,838
Realized and unrealized gains on investments	(472,015)	(396,489)
Noncash lease benefit	-	(617)
Changes in operating assets and liabilities		
Accounts, grants, and awards receivable	309,764	31,520
Inventories	(37,649)	220,981
Prepaid expenses	(76,614)	(46,810)
Deposits	2,200	(2,510)
Accounts payable	(57,812)	166,687
Accrued liabilities	15,072	73,466
Deferred revenue	(17,174)	-
Operating lease liabilities	(99,842)	-
Net cash provided by operating activities	1,819,902	1,734,420
Cash flows from investing activities		
Purchases of equipment	(368,369)	(1,164,569)
Proceeds from sale of equipment	205,000	-
Sales of investments	11,351	894,748
Net cash used in investing activities	(152,018)	(269,821)
Cash flows from financing activities		
Payments on note payable	(63,996)	(62,702)
Net cash used in financing activities	(63,996)	(62,702)
Net increase in cash	1,603,888	1,401,897
Cash, beginning of year	3,624,809	2,222,912
Cash, end of year	\$ 5,228,697	\$ 3,624,809

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 25,401	\$ 26,318
--	-----------	-----------

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

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

1. NATURE OF OPERATIONS

Community SeniorServ, Inc, DBA Meals on Wheels Orange County (the "Organization"), a California 501(c)(3) nonprofit, provides nutrition and supportive services to older adults in Orange County. The Organization's mission is to nourish the wellness, purpose, and dignity of older adults and their families in the community. The Organization provides the following programs:

Title III-C Elderly Nutrition Services - Provides home-delivered meals to homebound seniors and congregate meals at senior and community centers, supporting nutrition and socialization for older adults in Central and Northern Orange County. All meal programs meet nutritional guidelines for older adults.

Title III-B Supportive Services - Offers case management, in-home supportive services (such as homemaking, personal care, and chore assistance) for eligible seniors throughout Orange County to promote independence and well-being. Adult Day Services in Buena Park for older adults experiencing the need for social-based (non-medical) care in a group setting. Transportation Services are provided in Central and North Orange County to older adults who need transportation to senior centers, local financial institutions and other non-medical locations.

Older Adults Recovery and Resilience ("OARR") - Provided intergenerational activities to reduce social isolation and strengthen community connections among older adults, adults, and children; this program concluded in September 2024.

Insurance Reimbursements (Healthcare and Other Services) - Operates an Adult Day Health Care Center offering medically supervised day care and related services, reimbursed through contracts with Medi-Cal, PACE, Kaiser Permanente, the Veterans Administration, and private payers. The Organization also provides Medically Tailored Meals and Medically Tailored Groceries under contract with CalOptima (Medi-Cal). Further, it offers Enhanced Care Management services through contracts with Partners in Care Foundation (Medi-Cal reimbursement streams) and CalOptima (Medi-Cal).

Commercial Kitchen (Commercial Foods) - Prepares and distributes unitized meals and bulk foods for other community-based organizations through its commercial kitchen operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements of Meals on Wheels Orange County have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") specific to nonprofit organizations.

Meals on Wheels Orange County reflects net assets and changes therein into the following classes:

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets without donor restrictions* - represent resources without donor-imposed stipulations available to support the Organization's operations or resources restricted for a specific purpose that have become available for use by the Organization in accordance with the intention of the donors.
- *Net assets with donor restrictions* - represent resources whose use by the Organization is limited in accordance with donor-imposed stipulations for a specific purpose or passage of time. These stipulations may be satisfied by the actions of the Organization according to the intention of the donor or may expire with the passage of time. Net assets with donor restrictions also includes donor-imposed stipulations that are restricted in perpetuity.

Cash and cash equivalents

The Organization considers all short-term financial instruments purchased with an original maturity of three months or less to be cash equivalents. As of June 30, 2025 and 2024, cash and cash equivalents include petty cash funds, bank checking accounts used for operating purposes, site deposits, and investments.

Accounts, grants, awards receivable and allowance for credit losses

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. The Organization uses a combination of historical loss experience, current economic conditions, and forward-looking information as the basis to determine expected credit losses for financial assets. A loss rate is developed for each risk category based on aging. Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. During the years ended June 30, 2025 and 2024, management charged \$12,880 and \$280,404, respectively, directly against the allowance for specifically identified customer balances that were expected to be uncollectible. During the year ended June 30, 2025, the Organization recovered \$251,844 of previously identified allowance for credit losses.

Investments

The Organization records equity securities with readily determinable fair value 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.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

The Organization's investments are reported at their fair value in the statements of financial position. At June 30, 2025, cost and estimated fair value of investments are \$7,215,199 and \$7,629,125 respectively. At June 30, 2024, cost and estimated fair value of investments are \$7,092,637 and \$7,168,461, respectively. Net unrealized gains for the years ended June 30, 2025 and 2024 totaled \$472,015 and \$75,824, 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, 2025 and 2024, the Organization incurred management fees associated with its investments of \$41,992 and \$25,116, respectively.

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, 2025 and 2024, 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 \$50,272 and \$42,462 for transportation services for the years ended June 30, 2025 and 2024, respectively.

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

2. 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, 2025:

	<u>Number of Volunteers</u>	<u>Number of Hours</u>	<u>Value</u>
Adult Day Care - Anaheim	32	385	\$ 6,343
Adult Day Care - Buena Park	1	46	748
Case Management	3	480	7,768
Congregate Meals	418	35,483	576,435
Home-Bound Meals	480	27,384	444,859
In-Home	18	551	8,930
Nutrition Transportation	3	312	5,066
Other	<u>15</u>	<u>568</u>	<u>9,274</u>
	<u>970</u>	<u>65,209</u>	<u>\$ 1,059,423</u>

The value of such volunteer time was estimated using the minimum wage rates as follows for the year ended June 30, 2024 (unaudited):

	<u>Number of Volunteers</u>	<u>Number of Hours</u>	<u>Value</u>
Buena Park	5	18	\$ 286
Congregate Meals	2,767	31,550	497,501
Home-Bound Meals	4,145	25,293	398,532
Santa Ana VIP Center	1	91	1,403
Anaheim VIP Center	5	489	7,572
Other - Kitchen/Office	<u>192</u>	<u>1,054</u>	<u>16,662</u>
	<u>7,115</u>	<u>58,495</u>	<u>\$ 921,956</u>

Inventories

Inventories consist of food and supplies and is valued using the first-in, first-out method ("FIFO") at the lower of cost and market. Market is based on net realizable value. The Organization writes down inventory for any slow-moving or obsolete inventories.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant, and equipment, net

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 following estimated useful lives:

Intellectual Property	3 - 5 years
Equipment, furniture and fixtures	3 - 15 years
Automobiles	3 - 15 years
Building and Improvements	20 - 50 years

Depreciation expense for the years ended June 30, 2025 and 2024 was \$434,584 and \$405,978, respectively. For the year ended June 30, 2025, the Organization received an easement over land from the County of Orange in the amount of \$205,000, and is included within gain on disposals of assets, net on the accompanying statement of activities.

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, 2025 and 2024, no impairment losses have been recorded.

Website development

In accordance with FASB ASC 350-10, *Accounting for Website Development Costs*, the Organization had \$26,800 capitalized for website development costs at June 30, 2025 and 2024. The capitalized amount is amortized and included in property, plant, and equipment in the accompanying statements of financial position.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

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

Revenue and revenue recognition

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

The Organization recognizes contributions when cash or other assets are received. Conditional promises to give -- that is, those with a measurable performance or other barrier and a right of return -- are not recognized until the conditions on which they depend have been met. There are no conditional promises to give at June 30, 2025 and 2024.

A portion of revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2025 and 2024, all cost-reimbursable grants had been recognized because all qualifying expenditures had been incurred. No amounts have been received in advance under the Organization's federal and state contracts and grants.

The Organization recognizes revenue from contracts with customers at a point in time when the performance obligations of transferring the products and providing the services are met. Revenues from insurance reimbursements are recognized at the time services are rendered based on the contractual daily rate. Revenue from the sales of food products and participation fees are recognized when (i) there is persuasive evidence that an arrangement exists, (ii) delivery of the products has occurred, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured. The Organization does not have any significant financing components, as payment is received at or shortly after the point of sale.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income

As of June 30, 2025 and 2024 deferred income totaled \$3,820 and \$20,994, respectively, and consisted 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, 2025 and 2024 totaled \$389,562 and \$389,096, respectively, and is included in accrued salaries and wages, bonus, and taxes 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, 2025 and 2024. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements for the year ended June 30, 2025 and 2024.

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 U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Direct mail and fundraising costs

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

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations, risks, and uncertainties

During the years ended June 30, 2025 and 2024, the Organization obtained a substantial portion of its support from two contracts with the County of Orange Area Agency on Aging. Support received from these sources aggregated \$9,985,456 and \$10,052,778 for June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, amounts due from these sources, which are included in contributions and grants receivable, net, was approximately \$2,445,000 and \$2,185,000 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, 2025 and 2024, the accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2025 and 2024, the Organization's balance in excess of the federally insured limit was \$4,907,334 and \$3,209,739, 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, 2025 and 2024, the Organization did not have a balance in excess of the SIPC-insured limit.

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, 2025 and 2024, 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.

Reclassifications

Certain reclassifications have been made to the 2024 financial statement presentation to conform to the 2025 presentation, and have no impact to change in net assets.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

3. 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:

	2025	2024
Cash and cash equivalents	\$ 5,228,697	\$ 3,624,809
Accounts receivable, net	781,273	1,093,346
Contributions and grants receivable, net	2,891,495	2,637,342
	8,901,465	7,355,497
Less: Net assets with donor restrictions	(63,201)	(161,586)
	\$ 8,838,264	\$ 7,193,911

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 \$7,629,125 and \$7,168,461 as of June 30, 2025 and 2024, 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.

4. ACCOUNTS, GRANTS, AWARDS RECEIVABLE, NET

Accounts, grants, and awards receivable, net were as follows at June 30:

	2025	2024
Accounts receivable, net		
Food sales	\$ 124,010	\$ 536,634
Insurance reimbursements	284,542	388,404
Grants and awards - exchange-based	376,602	444,527
Other	8,999	4,185
Allowance for credit losses	(12,880)	(280,404)
	781,273	1,093,346
Contributions and grants receivable, net		
Grants and awards	2,891,495	2,637,342
	2,891,495	2,637,342
	\$ 3,672,768	\$ 3,730,688

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

4. ACCOUNTS, GRANTS, AWARDS RECEIVABLE, NET (continued)

The allowance for credit losses consisted of the following:

	2025	2024
Balance, beginning of year	\$ 280,404	\$ -
Provision for credit losses	-	293,838
Subtitle		
Bad debt recovery	(251,844)	-
Write-off	(15,680)	(13,434)
	(267,524)	(13,434)
Balance, end of year	\$ 12,880	\$ 280,404

5. INVENTORIES

Inventories consist of the following at June 30:

	2025	2024
Food	\$ 235,905	\$ 186,207
Supplies	149,921	161,970
	\$ 385,826	\$ 348,177

6. ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	2025	2024
Accrued salaries and wages, bonus, and taxes	\$ 946,160	\$ 948,139
Accrued general expenses	119,433	102,382
	\$ 1,065,593	\$ 1,050,521

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

7. NOTE PAYABLE

Note payable consists of the following at June 30:

	2025	2024
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% annually. The note matures in March 2041 and is secured by real property.	\$ 1,215,688	\$ 1,281,115
Deferred finance costs	(22,423)	(23,854)
	1,193,265	1,257,261
Less: Current portion of note payable	(66,637)	(65,318)
	\$ 1,126,628	\$ 1,191,943

The future maturities of the note payable are as follows:

Year ending June 30,	Principal Payments	Deferred Finance Costs	Total
2026	\$ 66,637	\$ (1,431)	\$ 65,206
2027	67,982	(1,431)	66,551
2028	69,354	(1,431)	67,923
2029	70,754	(1,431)	69,323
2030	72,182	(1,431)	70,751
Thereafter	868,779	(15,268)	853,511
	\$ 1,215,688	\$ (22,423)	\$ 1,193,265

8. 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, 2025 and 2024, the Organization made matching contributions of approximately \$114,000 and \$107,000, respectively, and is included in accrued salaries and wages, bonus, and taxes (Note 6).

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consist of the following for the years ended June 30:

	2025	2024
Congregate meal program	\$ 210,450	\$ 188,544
Home-delivered meal program	159,550	236,622
B-In Home	5,000	-
Client support and social services	6,093	-
Volunteer Program	13,360	-
Santa Ana ADHC	16,639	-
Anaheim ADHC	7,736	625
Care Coordination	117,057	24,340
Other	-	113,742
	\$ 535,885	\$ 563,873

Net assets with donor restrictions subject to expenditure for specified purpose are released as the donor restrictions are satisfied.

10. NET ASSETS

Net assets consist of the following at June 30:

	2025	2024
Net Assets Without Donor Restrictions:		
Investment in property and equipment	\$ 5,347,070	\$ 5,445,533
Board-designated investments	7,629,125	7,168,461
Available for programs	6,539,450	4,656,482
	19,515,645	17,270,476
Restrictions for Purpose	63,201	161,586
	\$ 19,578,846	\$ 17,432,062

11. ALLOCATION OF JOINT COSTS

For the years ended June 30, 2025 and 2024, the Organization conducted activities that included appeals for contributions and incurred joint costs of \$370,328 and \$370,605. For the years ended June 30, 2025 and 2024, these activities included costs from direct mail and outreach campaigns totaling \$193,137 and \$219,546, respectively, and special event costs totaling \$177,191 and \$151,059, respectively.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

12. BOARD-DESIGNATED INVESTMENTS

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 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 for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

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.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

12. BOARD-DESIGNATED INVESTMENTS (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 at 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 recurring basis, at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money Market and Bank Deposits	\$ 252,871	\$ -	\$ -	\$ 252,871
Common Stocks	1,552,219	-	-	1,552,219
Fixed Income Securities	<u>5,824,035</u>	<u>-</u>	<u>-</u>	<u>5,824,035</u>
	<u>\$ 7,629,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,629,125</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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money Market and Bank Deposits	\$ 163,735	\$ -	\$ -	\$ 163,735
Common Stocks	926,429	-	-	926,429
Fixed Income Securities	<u>6,078,297</u>	<u>-</u>	<u>-</u>	<u>6,078,297</u>
	<u>\$ 7,168,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,168,461</u>

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Notes to Financial Statements
 June 30, 2025
 (With Comparative Totals for 2024)

13. SUBSEQUENT EVENTS

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of December 19, 2025, which is the date the financial statements were available to be issued.

14. LEASES

The Organization leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027. 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 for the years ended June 30:

	2025	2024
Operating Lease Cost	\$ 80,792	\$ 92,309
Other Information:		
Operating Cash Flows from Operating Leases	\$ 97,198	\$ 92,927
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 198,364

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, 2025, is as follows:

<u>Year ending June 30,</u>		
2026		\$ 39,544
2027		9,982
		49,526
Less: Interest		(1,309)
		\$ 48,217

As of June 30, 2025, the weighted average remaining life of the lease liabilities is approximately 1.21 years and the weighted average discount rate applied was 1.62%. As of June 30, 2024, the weighted average remaining life of the lease liabilities is approximately 2.21 years and the weighted average discount rate applied was 1.62%.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for 2024)

15. RELATED PARTIES

Meals on Wheels Orange County is affiliated with Care Partners. The Co-Founder, Chairman and Chief Executive Officer of Care Partners is on the Organization's board of directors. Care Partners provides services, which include nurses and CNA's, home care services, and personal care for the elderly. For the years ended June 30, 2025 and 2024, Care Partners received payments from the Organization in the total amount of \$77,544 and \$60,027, respectively, and is included within contract expenses on the accompanying statement of functional expenses. At June 30, 2025 and 2024, amounts due to Care Partners, which are reflected in accounts payable, aggregated approximately \$3,900 and \$7,000, respectively.

The Organization's board of directors contributed \$26,389 and \$17,367 for the years ended June 30, 2025 and 2024, respectively.

SINGLE AUDIT REPORTS AND SCHEDULES



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*

To the Board of Directors
Community Seniorserv, Inc.
dba Meals on Wheels Orange County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Seniorserv, Inc. dba Meals on Wheels Orange County (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

The image shows a handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Los Angeles, California

December 19, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

To the Board of Directors
Community Seniorserv, Inc.
dba Meals on Wheels Orange County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Seniorserv, Inc. dba Meals on Wheels Orange County (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Armanino LLP

Los Angeles, California

December 19, 2025

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures	State Portion	Total	Passed Through to Subrecipients
<u>Expenditures of Federal Awards</u>						
U.S. Department of Health and Human Services - Aging Cluster						
Passed through County of Orange Area Agency on Aging:						
Direct awards						
C-1 Congregate Nutrition Services	93.045	MA-012-24011120	\$ 2,783,601	\$ 451,326	\$ 3,234,927	\$ -
C-2 Home Delivered Nutrition Services	93.045	MA-012-24011120	2,632,365	2,546,822	5,179,187	-
Title III B In-Home Services	93.044	MA-012-24011309	412,123	-	412,123	-
Title III B Nutrition Transportation	93.044	MA-012-24011309	279,303	-	279,303	-
Title III B Case Management	93.044	MA-012-24011309	231,117	-	231,117	-
Title III B Adult Day Care	93.044	MA-012-24011309	285,209	-	285,209	-
C-1 Congregate Nutrition Services Incentive Program	93.053	MA-012-24011120	116,137	-	116,137	-
C-2 Home Delivered Nutrition Services Incentive Program	93.053	MA-012-24011120	<u>247,453</u>	<u>-</u>	<u>247,453</u>	<u>-</u>
Total U.S. Department of Health and Human Services - Aging Cluster			<u>6,987,308</u>	<u>2,998,148</u>	<u>9,985,456</u>	<u>-</u>

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
 are an integral part of this schedule.

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures	State Portion	Total	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development - Community Block Grant						
Program Name						
Pass-through program from:						
City of Anaheim	14.218	N/A	54,666	-	54,666	-
City of Costa Mesa	14.218	N/A	57,000	-	57,000	-
City of Fountain Valley	14.218	N/A	19,929	-	19,929	-
City of Fullerton	14.218	N/A	10,000	-	10,000	-
City of Garden Grove	14.218	N/A	20,000	-	20,000	-
City of Newport Beach	14.218	N/A	29,118	-	29,118	-
City of Tustin	14.218	N/A	22,134	-	22,134	-
City of Westminster	14.218	N/A	27,164	-	27,164	-
Total U.S. Department of Housing and Urban Development			240,011	-	240,011	-
US Department of Agriculture						
Pass-through California Department of Education: Child and Adult Care Food Program						
Buena Park Day Care	10.558		19,881	-	19,881	-
Santa Ana ADHC	10.558		2,752	-	2,752	-
Anaheim ADHC	10.558		87,036	-	87,036	-
Total US Department of Agriculture			109,669	-	109,669	-
Total Expenditures of Federal and Related State Awards			\$ 7,336,988	\$ 2,998,148	\$ 10,335,136	\$ -

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
 are an integral part of this schedule.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Community Seniorserv, Inc. dba Meals on Wheels Orange County (the "Organization") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COSTS

The Organization has elected not to use the 10% de minimis indirect cost rate for federal awards. The Organization applies indirect costs in accordance with the specific terms of its federal award agreements.

Community Seniorserv, Inc.
 dba Meals on Wheels Orange County
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
Aging Cluster; Special Programs for the Aging - Title III, Part C - Nutrition Services, Part B - Grants for Supportive Services and Senior Centers, Nutrition Services Incentive Program	93.044, 93.045, 93.053
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Community Seniorserv, Inc.
dba Meals on Wheels Orange County
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

There were no prior year findings.