

**MEALS ON WHEELS ORANGE COUNTY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**



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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, 2024 and 2023, and the related statements of activities, changes in net assets, revenues, support, and functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels Orange County, as of June 30, 2024 and 2023, 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 audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

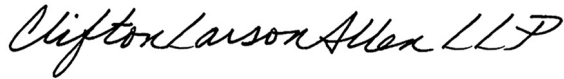
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Meals on Wheels Orange County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals on Wheels Orange County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Meals on Wheels Orange County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, 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.



CliftonLarsonAllen LLP

Irvine, California
December 5, 2024

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,624,809	\$ 2,222,912
Accounts, Grants, and Awards Receivable	4,011,092	4,056,046
Allowance for Credit Losses	(280,404)	-
Inventory	348,177	569,158
Prepaid Expenses	46,810	-
Board-Designated Investments	7,168,461	7,666,720
Total Current Assets	14,918,945	14,514,836
PROPERTY, PLANT, AND EQUIPMENT		
Land	800,492	800,492
Building and Improvements	4,225,200	4,354,428
Equipment, Furniture and Fixtures, Vehicles, and Website	5,674,437	4,630,563
Construction in Progress	221,566	67,817
Total Property, Plant, and Equipment, at Cost	10,921,695	9,853,300
Less: Accumulated Depreciation	(5,476,162)	(5,166,358)
Property, Plant, and Equipment, at Net Book Value	5,445,533	4,686,942
OPERATING RIGHT OF USE ASSET, NET	149,361	35,673
OTHER ASSETS		
Deposits	4,710	2,200
Total Other Assets	4,710	2,200
 Total Assets	 \$ 20,518,549	 \$ 19,239,651

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

LIABILITIES AND NET ASSETS	2024	2023
CURRENT LIABILITIES		
Accounts Payable	\$ 609,652	\$ 442,965
Accrued Liabilities	1,071,515	998,049
Current Lease Liability - Operating	99,842	11,444
Note Payable, Current Portion	65,318	64,036
Total Current Liabilities	1,846,327	1,516,494
LONG-TERM LIABILITIES		
Note Payable, Net of Current Portion	1,191,943	1,255,927
Long-Term Lease Liability - Operating (Less Current Maturities)	48,217	23,544
Total Long-Term Liabilities	1,240,160	1,279,471
Total Liabilities	3,086,487	2,795,965
NET ASSETS		
Without Donor Restrictions	17,270,476	16,104,697
With Donor Restrictions	161,586	338,989
Total Net Assets	17,432,062	16,443,686
Total Liabilities and Net Assets	\$ 20,518,549	\$ 19,239,651

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Community Support:			
Grants and Awards	\$ 11,513,020	\$ -	\$ 11,513,020
Contributions and Donations	278,870	-	278,870
Department of Education Meal Revenues	133,341	-	133,341
Direct Mail and Fundraising Revenues	1,568,660	-	1,568,660
In-Kind Services	964,418	-	964,418
Participant Fees	50,445	-	50,445
Total Community Support	14,508,754	-	14,508,754
Revenues:			
Sales of Food Products	2,974,951	-	2,974,951
Insurance/Government Reimbursements	2,544,035	-	2,544,035
Investment Income, Net	396,489	-	396,489
Other Income	180,821	-	180,821
Total Revenues	6,096,296	-	6,096,296
Net Assets Released from Restriction	563,873	-	563,873
Total Support and Revenues	21,168,923	-	21,168,923
EXPENSES			
Program Services	18,869,018	-	18,869,018
Management and General	504,464	-	504,464
Fundraising	629,662	-	629,662
Total Expenses	20,003,144	-	20,003,144
Change in Net Assets without Donor Restrictions	1,165,779	-	1,165,779
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS			
Grants and Awards	-	386,470	386,470
Funds Released for Expenditures	-	(563,873)	(563,873)
Change in Net Assets with Donor Restrictions	-	(177,403)	(177,403)
Change in Total Net Assets	\$ 1,165,779	\$ (177,403)	\$ 988,376

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
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 without Donor Restrictions	(8,251,575)	-	(8,251,575)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS			
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
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</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	16,104,697	338,989	16,443,686
Increase (Decrease) in Net Assets, Year Ended June 30, 2024	<u>1,165,779</u>	<u>(177,403)</u>	<u>988,376</u>
NET ASSETS - JUNE 30, 2024	<u><u>\$ 17,270,476</u></u>	<u><u>\$ 161,586</u></u>	<u><u>\$ 17,432,062</u></u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Title III Services						Congregate Meals - OARR Program	Home-Bound Meals - OARR Program	Santa Ana VIP Center
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Adult Day Care Program	Case Management Program	Transportation Program	In-Home Support Services			
SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS									
Community Support:									
Grants and Awards	\$ 3,712,191	\$ 6,466,185	\$ 218,855	\$ 210,350	\$ 236,203	\$ 170,703	\$ 47,195	\$ 30,832	\$ 35,464
Contributions and Donations	168,071	86,051	12,595	8,950	3,053	150	-	-	-
Department of Education Meal Revenues	-	-	13,645	-	-	-	-	-	59,174
Direct Mail and Fundraising Revenues	40	-	3,449	-	-	-	-	-	2,333
In-Kind Services	497,501	398,532	286	4,688	42,462	11,974	-	-	1,403
Participant Fees	-	-	-	-	-	-	-	-	16,530
Total Community Support	4,377,803	6,950,768	248,830	223,988	281,718	182,827	47,195	30,832	114,904
Revenues:									
Sales of Food Products	-	-	-	-	-	-	-	-	-
Insurance/Government Reimbursements	-	-	22,798	-	-	-	-	-	970,130
Investment Income, Net	-	-	-	-	-	-	-	-	-
Other Income	-	-	692	-	-	-	-	-	2,984
Total Revenues	-	-	23,490	-	-	-	-	-	973,114
Net Assets Released from Restriction	188,544	236,622	-	2,430	-	-	-	-	-
Total Support and Revenues Without Donor Restrictions	4,566,347	7,187,390	272,320	226,418	281,718	182,827	47,195	30,832	1,088,018
EXPENSES									
Program Expenses:									
Contract Expenses	662,764	1,657,233	6,460	5,022	174,058	120,415	8,180	-	286,531
Food and Supply Costs	828,397	1,758,528	33,395	-	-	-	3,759	358	126,679
In-Kind Services	497,501	398,532	286	4,688	42,462	11,974	-	-	1,403
Insurance	198,224	205,560	23,730	17,666	6,812	4,493	2,198	2,406	67,691
Other Program Expenses	13,437	18,245	1,054	865	546	436	93	91	28,080
Personnel Expense	1,766,561	1,827,506	215,772	159,152	57,620	38,844	19,861	21,690	626,537
Transportation and Travel	24,154	23,127	31,491	5,345	335	483	153	223	146,717
Vehicle and Fuel	62,564	139,347	-	-	-	-	1,048	549	-
Total Program Expenses	4,053,602	6,028,078	312,188	192,738	281,833	176,645	35,292	25,317	1,283,638

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	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	Congregate Meals - OARR Program	Home-Bound Meals - OARR Program	Santa Ana VIP Center
EXPENSES (CONTINUED)									
Support Expenses:									
Depreciation	\$ 62,666	\$ 98,636	\$ 3,737	\$ 3,107	\$ 3,866	\$ 2,509	\$ -	\$ -	\$ 8,418
Employment Expense	57,743	72,534	4,174	3,827	4,032	2,278	16	21	6,626
Direct Mail and Fundraising Expenses	3,679	-	4,788	-	-	-	-	-	3,022
Insurance	58,874	90,219	2,519	1,639	-	1,639	-	-	10,714
Miscellaneous	6,972	13,407	317	834	234	207	3,748	149	30,055
Office Expense	28,554	38,616	1,720	4,666	186	622	175	208	11,461
Professional Fees	26,992	29,625	2,927	2,693	2,894	1,735	254	-	2,941
Rent	-	3,601	-	1,891	-	112	-	397	71,181
Repairs and Maintenance	138,398	168,976	-	8,886	-	2,260	777	1,228	36,492
Small Equipment	22,436	9,075	132	1,001	256	171	-	-	-
Technology	73,397	91,775	2,481	8,273	8	2,043	347	483	15,754
Telephone and Utilities	82,624	126,180	2,568	10,030	262	2,703	395	726	33,533
Total Support Expenses	<u>562,335</u>	<u>742,644</u>	<u>25,363</u>	<u>46,847</u>	<u>11,738</u>	<u>16,279</u>	<u>5,712</u>	<u>3,212</u>	<u>230,197</u>
Other Expenses:									
Interest Expense	-	4,214	-	2,102	-	263	-	-	-
Other Expense	-	-	-	-	-	-	4,777	891	-
Total Other Expenses	<u>-</u>	<u>4,214</u>	<u>-</u>	<u>2,102</u>	<u>-</u>	<u>263</u>	<u>4,777</u>	<u>891</u>	<u>-</u>
Total Expenses	<u>4,615,937</u>	<u>6,774,936</u>	<u>337,551</u>	<u>241,687</u>	<u>293,571</u>	<u>193,187</u>	<u>45,781</u>	<u>29,420</u>	<u>1,513,835</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(49,590)</u>	<u>412,454</u>	<u>(65,231)</u>	<u>(15,269)</u>	<u>(11,853)</u>	<u>(10,360)</u>	<u>1,414</u>	<u>1,412</u>	<u>(425,817)</u>
SUPPORT WITH DONOR RESTRICTIONS:									
Grants and Awards	142,540	71,500	-	2,430	-	-	-	-	-
Funds Released for Expenditures	<u>(188,544)</u>	<u>(236,622)</u>	<u>-</u>	<u>(2,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(46,004)</u>	<u>(165,122)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN TOTAL NET ASSETS	<u>\$ (95,594)</u>	<u>\$ 247,332</u>	<u>\$ (65,231)</u>	<u>\$ (15,269)</u>	<u>\$ (11,853)</u>	<u>\$ (10,360)</u>	<u>\$ 1,414</u>	<u>\$ 1,412</u>	<u>\$ (425,817)</u>

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	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	\$ 41,544	\$ -	\$ 314,363	\$ -	\$ 29,135	\$ 11,513,020	\$ -	\$ -	\$ 11,513,020
Contributions and Donations	-	-	-	-	-	278,870	-	-	278,870
Department of Education Meal Revenues	60,522	-	-	-	-	133,341	-	-	133,341
Direct Mail and Fundraising Revenues	1,162	-	-	-	-	6,984	30,947	1,530,729	1,568,660
In-Kind Services	7,572	-	-	-	-	964,418	-	-	964,418
Participant Fees	33,915	-	-	-	-	50,445	-	-	50,445
Total Community Support	144,715	-	314,363	-	29,135	12,947,078	30,947	1,530,729	14,508,754
Revenues:									
Sales of Food Products	-	445,474	-	2,529,477	-	2,974,951	-	-	2,974,951
Insurance/Government Reimbursements	1,204,938	-	336,441	9,728	-	2,544,035	-	-	2,544,035
Investment Income, Net	-	-	-	-	-	-	396,489	-	396,489
Other Income	2,984	-	171,597	-	2,564	180,821	-	-	180,821
Total Revenues	1,207,922	445,474	508,038	2,539,205	2,564	5,699,807	396,489	-	6,096,296
Net Assets Released from Restriction	625	-	24,340	-	30,949	483,510	70,363	10,000	563,873
Total Support and Revenues Without Donor Restrictions	1,353,262	445,474	846,741	2,539,205	62,648	19,130,395	497,799	1,540,729	21,168,923
EXPENSES									
Program Expenses:									
Contract Expenses	221,298	26,083	53,175	444,624	-	3,665,843	(5,260)	111,430	3,772,013
Food and Supply Costs	142,066	316,294	-	1,007,983	-	4,217,459	47,726	-	4,265,185
In-Kind Services	7,572	-	-	-	-	964,418	-	-	964,418
Insurance	83,177	1,543	33,305	22,373	-	669,178	-	12,010	681,188
Other Program Expenses	36,023	291	4,500	2,175	31,639	137,475	-	1,048	138,523
Personnel Expense	769,798	13,507	343,036	173,341	-	6,033,225	199,467	111,995	6,344,687
Transportation and Travel	209,265	138	3,992	1,748	-	447,171	3,399	407	450,977
Vehicle and Fuel	-	-	-	70,475	-	273,983	12,352	-	286,335
Total Program Expenses	1,469,199	357,856	438,008	1,722,719	31,639	16,408,752	257,684	236,890	16,903,326

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
STATEMENT OF REVENUES, SUPPORT, AND FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	Anaheim VIP Center	Cook/Chill	Care Coordination	Social Meals	Other Grants	Total Program Expenses	Management and General	Fundraising	Total
EXPENSES (CONTINUED)									
Support Expenses:									
Depreciation	\$ 47,123	\$ -	\$ 3,999	\$ -	\$ -	\$ 234,061	\$ 171,917	\$ -	\$ 405,978
Employment Expense	8,506	426	3,919	4,951	20	169,073	10,227	11,837	191,137
Direct Mail and Fundraising Expenses	836	-	-	-	-	12,325	831	357,445	370,601
Insurance	10,714	5,308	2,519	32,853	-	216,998	-	-	216,998
Miscellaneous	43,775	265,059	1,487	21,549	11,208	399,001	43,854	13,647	456,502
Office Expense	18,126	2,116	14,066	10,848	-	131,364	15	69	131,448
Professional Fees	3,461	344	1,207	1,384	-	76,457	18,667	332	95,456
Rent	17,887	-	18,611	-	-	113,680	1,269	-	114,949
Repairs and Maintenance	33,565	12,380	6,537	50,103	-	459,602	-	-	459,602
Small Equipment	-	81	-	187	-	33,339	-	-	33,339
Technology	17,845	7,191	8,178	29,620	-	257,395	-	8,862	266,257
Telephone and Utilities	15,906	7,209	6,863	35,986	-	324,985	-	580	325,565
Total Support Expenses	<u>217,744</u>	<u>300,114</u>	<u>67,386</u>	<u>187,481</u>	<u>11,228</u>	<u>2,428,280</u>	<u>246,780</u>	<u>392,772</u>	<u>3,067,832</u>
Other Expenses:									
Interest Expense	19,739	-	-	-	-	26,318	-	-	26,318
Other Expense	-	-	-	-	-	5,668	-	-	5,668
Total Other Expenses	<u>19,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,986</u>	<u>-</u>	<u>-</u>	<u>31,986</u>
Total Expenses	<u>1,706,682</u>	<u>657,970</u>	<u>505,394</u>	<u>1,910,200</u>	<u>42,867</u>	<u>18,869,018</u>	<u>504,464</u>	<u>629,662</u>	<u>20,003,144</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS									
	(353,420)	(212,496)	341,347	629,005	19,781	261,377	(6,665)	911,067	1,165,779
SUPPORT WITH DONOR RESTRICTIONS									
Grants and Awards	25,000	-	100,000	-	10,000	351,470	35,000	-	386,470
Funds Released for Expenditures	(625)	-	(24,340)	-	(30,949)	(483,510)	(70,363)	(10,000)	(563,873)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS									
	<u>24,375</u>	<u>-</u>	<u>75,660</u>	<u>-</u>	<u>(20,949)</u>	<u>(132,040)</u>	<u>(35,363)</u>	<u>(10,000)</u>	<u>(177,403)</u>
INCREASE (DECREASE) IN TOTAL NET ASSETS									
	<u>\$ (329,045)</u>	<u>\$ (212,496)</u>	<u>\$ 417,007</u>	<u>\$ 629,005</u>	<u>\$ (1,168)</u>	<u>\$ 129,337</u>	<u>\$ (42,028)</u>	<u>\$ 901,067</u>	<u>\$ 988,376</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**

	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	
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	<u>5,244,888</u>	<u>6,193,377</u>	<u>226,584</u>	<u>213,365</u>	<u>291,272</u>	<u>194,676</u>	<u>-</u>	<u>50,936</u>
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	<u>-</u>	<u>-</u>	<u>42,173</u>	<u>13,813</u>	<u>-</u>	<u>17,602</u>	<u>-</u>	<u>1,042,167</u>
Net Assets Released from Restriction	<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>
Total Support and Revenues Without Donor Restrictions	<u>5,347,091</u>	<u>6,305,629</u>	<u>273,990</u>	<u>237,178</u>	<u>291,272</u>	<u>212,278</u>	<u>-</u>	<u>1,129,050</u>
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	<u>5,196,139</u>	<u>5,543,255</u>	<u>302,335</u>	<u>184,271</u>	<u>291,220</u>	<u>229,636</u>	<u>8,880,376</u>	<u>1,159,073</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	
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	<u>638,816</u>	<u>545,447</u>	<u>18,158</u>	<u>49,298</u>	<u>7,585</u>	<u>20,676</u>	<u>-</u>	<u>200,059</u>
Other Expenses:								
Interest Expense	-	4,093	-	2,528	-	276	-	-
Total Other Expenses	<u>-</u>	<u>4,093</u>	<u>-</u>	<u>2,528</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>5,834,955</u>	<u>6,092,795</u>	<u>320,493</u>	<u>236,097</u>	<u>298,805</u>	<u>250,588</u>	<u>8,880,376</u>	<u>1,359,132</u>
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
Support Expenses:									
Depreciation	\$ 47,254	\$ -	\$ -	\$ -	\$ -	\$ 181,319	\$ 163,821	\$ -	\$ 345,140
Employment Expense	6,637	264	1,225	8,385	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	11,334	153,145	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	212,321	1,704,637	16,580	27,389,830	689,126	661,683	28,740,639
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(79,170)	56,744	212,157	423,015	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>\$ 212,157</u>	<u>\$ 423,015</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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Total Net Assets	\$ 988,376	\$ (7,971,105)
Adjustments to Reconcile Change in Total Net Assets to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:		
Depreciation	405,978	345,140
Amortization	-	1,432
Credit Loss Expense	293,838	-
Realized and Unrealized (Gains) Losses on Investments	(396,489)	(231,715)
Noncash Lease Benefit	(617)	(685)
Changes in Assets:		
Accounts, Grants, and Awards Receivable	31,520	(2,358,729)
Inventory	220,981	(133,716)
Prepaid Expenses	(46,810)	-
Deposits	(2,510)	-
Changes in Liabilities:		
Accounts Payable	166,687	24,094
Accrued Liabilities	73,466	(18,266)
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	1,734,420	(10,343,550)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(1,164,569)	(554,319)
Purchases of Investments	-	(8,904,194)
Sales of Investments	894,748	3,696,340
Net Cash and Cash Equivalents Used by Investing Activities	(269,821)	(5,762,173)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	(62,702)	(217,864)
Net Cash and Cash Equivalents Used by Financing Activities	(62,702)	(217,864)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,401,897	(16,323,587)
Cash and Cash Equivalents - Beginning of Year	2,222,912	18,546,499
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,624,809	\$ 2,222,912
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 26,318	\$ 27,588

See accompanying Notes to Financial Statements.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents 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, 2024 AND 2023**

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

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, 2024, cost and estimated fair value of investments are \$7,092,637 and \$7,168,461, respectively. At June 30, 2023, cost and estimated fair value of investments are \$7,607,389 and \$7,666,720, respectively. Net unrealized (losses) gains for the years ended June 30, 2024 and 2023 totaled \$75,824 and \$59,331, 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, 2024 and 2023, the Organization incurred management fees associated with its investments of approximately \$25,000 and \$21,000, respectively.

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 year ended June 30, 2024, management charged approximately \$280,000 directly against the allowance for specifically identified customer balances that were expected to be uncollectible. There were no other changes in the allowance for the year ended June 30, 2024. At June 30, 2023 and June 30, 2022, management believed that the receivable was collectible and thus did not record an allowance for credit losses.

Inventory

Inventory consists of food and supplies and is valued at the lower of cost or net realizable value.

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, 2024 and 2023 was \$405,978 and \$345,140, respectively.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

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, 2024 and 2023, 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 and \$12,426 capitalized for website development costs at June 30, 2024 and 2023. The capitalized amount is 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.

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, 2024 and 2023.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

Revenue and Revenue Recognition (continued)

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, 2024 and 2023, 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.

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, 2024 and 2023, 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 \$42,462 and \$52,782 for transportation services for the years ended June 30, 2024 and 2023, respectively.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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, 2024 (unaudited):

Areas of Service:	Number of Volunteers	Number of Hours	Value
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	192	1,054	16,662
Total	<u>7,115</u>	<u>58,495</u>	<u>\$ 921,956</u>

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

Areas of Service:	Number of Volunteers	Number of Hours	Value
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>

Deferred Income

As of June 30, 2024, 2023, and 2022 deferred income totaled 20,994, 27,938, and 30,279, 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, 2024 and 2023 totaled approximately \$389,000 and \$391,000, respectively and is included in accrued salaries, wage and bonuses in Note 6.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**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, 2024. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements for the year ended June 30, 2024. The Organization had unrelated business income for the year ended June 30, 2023 related to food sales. The Organization paid approximately \$12,000 of tax related to the food sales for the year ended June 30, 2023.

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

At July 01, 2023, the Association adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 NATURE OF OPERATIONS AND 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 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.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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:

	2024	2023
Cash and Cash Equivalents	\$ 3,624,809	\$ 2,222,912
Accounts, Grants, and Awards Receivable	3,730,688	4,056,046
Total Financial Assets Available to Meet General Expenditures Within One Year	\$ 7,355,497	\$ 6,278,958

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 \$7,168,461 and \$7,666,720 as of June 30, 2024 and 2023, respectively, is subject to an annual review by the board. Although the Organization does not intend to spend from this board-designated fund (other than amounts appropriated for general expenditure as part of the board’s annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3 CONCENTRATIONS, RISKS, AND UNCERTAINTIES

During the years ended June 30, 2024 and 2023, the Organization obtained a substantial portion of its support from two sources. Support received from these sources aggregated approximately \$8,949,000 and \$8,011,036 for 2024 and 2023, respectively. At June 30, 2024 and 2023, amounts due from these sources, which are included in accounts, grants, and awards receivable, was approximately \$2,185,000 and \$1,310,000, respectively.

During the year ended June 30, 2024 and 2023, the Organization purchased approximately 12% of its raw materials from one supplier. At June 30, 2024 and 2023, amounts due to these suppliers, which are reflected in accounts payable, aggregated approximately \$127,000 and \$17,000, 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, 2024 and 2023, the accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2024 and 2023, the Organization’s balance in excess of the federally insured limit was approximately \$3,408,000 and \$2,137,000, 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, 2024 and 2023, the Organization did not have a balance in excess of the SIPC-insured limit.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 ACCOUNTS RECEIVABLE

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

	2024	2023
Food Sales	\$ 536,634	\$ 401,633
Insurance Reimbursements	388,404	270,562
Total Accounts Receivable	925,038	672,195
Grants and Awards	3,086,054	3,383,851
Total Accounts, Grants, and Awards Receivable	\$ 4,011,092	\$ 4,056,046

NOTE 5 INVENTORY

Inventory consists of the following at June 30:

	2024	2023
Food	\$ 186,207	\$ 431,550
Supplies	161,970	137,608
Total Inventory	\$ 348,177	\$ 569,158

NOTE 6 ACCRUED LIABILITIES

Accrued liabilities consist of the following at June 30:

	2024	2023
Accrued Salaries, Wages, and Bonuses	\$ 647,993	\$ 624,431
Deferred Income	20,994	27,938
Other Accrued Expenses	402,528	345,680
Total Accrued Liabilities	\$ 1,071,515	\$ 998,049

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, 2024 and 2023, 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.

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

NOTE 8 NOTE PAYABLE

Notes payable as of June 30 consists of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
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.	\$ 1,281,115	\$ 1,345,248
Deferred Finance Costs	<u>(23,854)</u>	<u>(25,285)</u>
Subtotal	1,257,261	1,319,963
Less: Current Portion	<u>(65,318)</u>	<u>(64,036)</u>
Total Long-Term Debt	<u>\$ 1,191,943</u>	<u>\$ 1,255,927</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>
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
2029	71,464	(1,431)	70,033
Thereafter	940,360	(16,699)	923,661
Total	<u>\$ 1,281,115</u>	<u>\$ (23,854)</u>	<u>\$ 1,257,261</u>

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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, 2024 and 2023, the Organization made matching contributions of approximately \$107,000 and \$96,000, respectively.

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

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

	2024	2023
Satisfaction of Time Restriction	\$ -	\$ 296,010
Satisfaction of Purpose Restriction	563,873	14,539
Total Net Assets Released from Restrictions	\$ 563,873	\$ 310,549

NOTE 11 NET ASSETS

Net assets consist of the following at June 30:

	2024	2023
Net Assets Without Donor Restrictions:		
Investment in Property and Equipment	\$ 5,445,533	\$ 4,686,942
Available for Programs	11,824,943	11,417,755
Total Net Assets Without Donor Restrictions	17,270,476	16,104,697
Net Assets With Donor Restrictions:		
Restrictions for Time	-	-
Restrictions for Purpose	161,586	338,989
Total Net Assets With Donor Restrictions	161,586	338,989
Total Net Assets	\$ 17,432,062	\$ 16,443,686

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 12 ALLOCATION OF JOINT COSTS

For the years ended June 30, 2024 and 2023, the Organization conducted activities that included appeals for contributions and incurred joint costs of \$370,605 and \$378,520, respectively. For the years ended June 30, 2024 and 2023, these activities included costs from direct mail and outreach campaigns totaling \$219,546 and \$209,836, respectively, and special event costs totaling \$151,059 and \$168,684, 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 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, 2024 and 2023.

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, 2024 AND 2023**

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, 2024:

	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
ASSETS					
Money Market and Bank Deposits	\$ 163,735	\$ 163,735	\$ -	\$ -	\$ -
Common Stocks	926,429	926,429	-	-	-
Fixed Income Securities	6,078,297	6,078,297	-	-	-
Total Investments at Fair Value	<u>\$ 7,168,461</u>	<u>\$ 7,168,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets, measured on a recurring basis, at fair value as of June 30, 2023:

	Fair Value Measurements at Report Date Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
ASSETS					
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	<u>\$ 7,666,720</u>	<u>\$ 7,666,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 14 BOARD-DESIGNATED FUNDS

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

	<u>2024</u>	<u>2023</u>
Money Market Funds and Investments	<u>\$ 7,168,461</u>	<u>\$ 7,666,720</u>
Total Board-Designated Funds	<u>\$ 7,168,461</u>	<u>\$ 7,666,720</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 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:

	<u>2024</u>	<u>2023</u>
Operating Lease Cost	\$ 92,309	\$ 10,562
Other Information:		
Operating Cash Flows from Operating Leases	\$ 92,927	\$ 4,970
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 198,364	\$ 39,387
Weighted-Average Remaining Lease Term -		

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, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 104,251
2026	39,544
2027	<u>9,982</u>
Total Lease Payments	153,777
Less: Interest	<u>(5,718)</u>
Present Value of Lease Liabilities	<u>\$ 148,059</u>

**MEALS ON WHEELS ORANGE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 16 SUBSEQUENT EVENTS

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of December 5, 2024, 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, 2024, and the related statements of activities, changes in net assets, revenues, support, and 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 5, 2024.

Report on Internal Control Over Financial Reporting

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

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

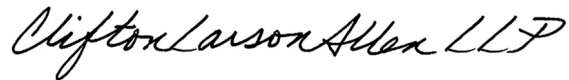
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Irvine, California
December 5, 2024



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