



**MEALS ON WHEELS
DIABLO REGION**

**Financial Statements,
Years Ended June 30, 2019
With Independent Auditor's Report**

MEALS ON WHEELS
DIABLO REGION

FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meals on Wheels Diablo Region

Report on the Financial Statements

We have audited the accompanying financial statements of Meals on Wheels Diablo Region (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals on Wheels Diablo Region as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Meals on Wheels Diablo Region's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020, on our consideration of Meals on Wheels Diablo Region'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 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 Diablo Region's internal control over financial reporting and compliance.



Orinda, California

March 9, 2020

**MEALS ON WHEELS
DIABLO REGION
STATEMENT OF FINANCIAL POSITION
For The Year Ended June 30, 2019
(With Comparative Statements For The Year Ended June 30, 2018)**

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 1,377,398	\$ 1,212,418
Contracts receivable	311,819	300,475
Prepaid expenses/deposits	19,281	22,345
Total Current Assets	1,708,498	1,535,238
PROPERTY AND EQUIPMENT, net (Note 5)	545,967	588,234
OTHER ASSETS:		
Investments (Note 4)	612,667	609,855
Loan fees	5,619	5,863
Total Other Assets	618,286	615,718
TOTAL ASSETS	\$ 2,872,751	\$ 2,739,190
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 83,464	\$ 13,835
Accrued liabilities	170,706	126,874
Total Current Liabilities	254,170	140,709
LONG-TERM LIABILITIES:		
Long-term debt (Note 7)	442,945	667,382
Total Liabilities	697,115	808,091
NET ASSETS:		
Without donor restrictions	2,138,481	1,875,366
With donor restrictions (Note 6)	37,155	55,733
Total Net Assets	2,175,636	1,931,099
TOTAL LIABILITIES AND NET ASSETS	\$ 2,872,751	\$ 2,739,190

See notes to financial statements

MEALS ON WHEELS DIABLO REGION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019
(With Comparative Statements For The Year Ended June 30, 2018)

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Program revenues	\$ 1,305,611	\$ 200,000	\$ 1,505,611	\$ 1,793,396	\$ -	\$ 1,793,396
Donations	1,192,451		1,192,451	643,447		643,447
Rental revenues (Note 10)	-		-	16,100		16,100
Special events (Note 8)	13,002		13,002	130,349		130,349
Investment income (Note 4)	22,542		22,542	18,890		18,890
Net assets released from restrictions	200,000	(200,000)	-	13,200	(13,200)	-
Total Revenues and Support	<u>2,733,606</u>	<u>-</u>	<u>2,733,606</u>	<u>2,615,382</u>	<u>(13,200)</u>	<u>2,602,182</u>
EXPENSES						
Program services	2,050,811	-	2,050,811	1,906,545	-	1,906,545
Support services						
Management and general	140,973	18,578	159,551	168,261	-	168,261
Fundraising	278,707	-	278,707	65,463	-	65,463
Total Support Services	<u>419,680</u>	<u>18,578</u>	<u>438,258</u>	<u>233,724</u>	<u>-</u>	<u>233,724</u>
Total Expenses	<u>2,470,491</u>	<u>18,578</u>	<u>2,489,069</u>	<u>2,140,269</u>	<u>-</u>	<u>2,140,269</u>
CHANGE IN NET ASSETS	263,115	(18,578)	244,537	475,113	(13,200)	461,913
Net assets, beginning of year (Note 2)	<u>1,875,366</u>	<u>55,733</u>	<u>1,931,099</u>	<u>1,383,653</u>	<u>68,933</u>	<u>1,452,586</u>
NET ASSETS, END OF YEAR	<u>\$ 2,138,481</u>	<u>\$ 37,155</u>	<u>\$ 2,175,636</u>	<u>\$ 1,858,766</u>	<u>\$ 55,733</u>	<u>\$ 1,914,499</u>

See notes to financial statements.

**MEALS ON WHEELS
DIABLO REGION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

Expenses	PROGRAM SERVICES					SUPPORTING SERVICES				
	Contra Costa Co. Café	Care Management	Fall Prevention	MOW	Other Program Services *	Total Program Services	Management & General	Fundraising	Total Supporting Services	Totals
Salaries and related	\$ 266,098	\$ 302,640	\$ 150,698	\$ 489,841	\$ 131,681	\$ 1,340,958	\$ 141,065	\$ 178,836	\$ 319,901	\$ 1,660,859
Interest	5,775	6,079	3,039	11,246	2,736	28,875	912	608	1,520	30,395
Volunteer and travel	9,134	9,615	4,807	17,787	4,327	45,670	1,442	961	2,403	48,073
Printing and publication	10,976	11,554	5,777	21,374	5,199	54,880	1,733	1,155	2,888	57,768
Depreciation and amortization	11,410	12,010	6,005	22,219	5,405	57,049	1,802	1,201	3,003	60,052
Repairs and maintenance	2,518	2,651	1,326	4,904	1,193	12,592	398	265	663	13,255
Professional/outside services	25,442	25,886	12,943	47,889	11,649	123,809	3,883	90,139	94,022	217,831
Utilities	2,248	2,367	1,183	4,378	1,065	11,241	355	237	592	11,833
Insurance	4,658	4,904	2,452	9,072	2,207	23,293	736	490	1,226	24,519
Worker's Comp. Insurance	6,583	5,581	2,790	20,330	2,511	37,795	837	558	1,395	39,190
Telephone	4,712	4,960	2,480	9,175	2,232	23,559	744	496	1,240	24,799
Information technology	5,631	5,927	2,964	10,965	2,667	28,154	889	593	1,482	29,636
Office	4,969	5,230	2,615	9,676	2,354	24,844	785	523	1,308	26,152
Postage	1,075	1,131	566	2,093	509	5,374	170	113	283	5,657
Property tax	209	220	110	407	99	1,045	33	22	55	1,100
Program expenses-other	25,112	40,377	102,379	46,461	17,344	231,673	3,767	2,510	6,277	237,950
Total Expenses	\$ 386,550	\$ 441,132	\$ 302,134	\$ 727,817	\$ 193,178	\$ 2,050,811	\$ 159,551	\$ 278,707	\$ 438,258	\$ 2,489,069

* Includes the Friendly Visitor & SNAP-Ed programs.

See notes to financial statements

**MEALS ON WHEELS
DIABLO REGION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

Expenses	PROGRAM SERVICES					SUPPORTING SERVICES				
	Contra Costa Co. Café	Care Management	Fall Prevention	MOW	Other Program Services *	Total Program Services	Management & General	Fundraising	Total Supporting Services	Totals
Salaries and related	\$ 260,749	\$ 287,754	\$ 142,046	\$ 406,917	\$ 122,407	\$ 1,219,873	\$ 124,590	\$ 56,367	\$ 180,957	\$ 1,400,830
Interest	6,206	6,532	3,266	12,088	2,940	31,032	978	653	1,631	32,663
Volunteer and travel	4,549	5,984	1,313	18,197	5,071	35,114	5,361	641	6,002	41,116
Printing and publication	11,310	10,816	7,735	22,758	5,770	58,389	1,624	1,083	2,707	61,096
Depreciation and amortization	10,559	11,115	5,557	20,562	5,001	52,794	1,909	1,111	3,020	55,814
Repairs and maintenance	8,204	8,443	4,318	15,974	3,886	40,825	2,339	864	3,203	44,028
Professional/outside services	15,044	15,835	7,918	29,295	7,128	75,220	12,580	1,584	14,164	89,384
Utilities	2,145	2,258	1,129	4,177	1,016	10,725	339	226	565	11,290
Insurance	5,739	5,554	2,768	10,273	2,503	26,837	2,578	560	3,138	29,975
Worker's Comp. Insurance	6,921	7,286	3,643	13,478	3,279	34,607	1,255	728	1,983	36,590
Telephone	5,378	6,185	2,567	10,599	2,811	27,540	2,424	514	2,938	30,478
Information technology	3,420	3,600	1,704	6,661	1,756	17,141	601	360	961	18,102
Office	4,116	3,267	2,022	7,195	3,185	19,785	2,244	293	2,537	22,322
Postage	4,281	4,332	2,160	7,992	1,944	20,709	695	421	1,116	21,825
Property tax	245	258	129	476	116	1,224	419	26	445	1,669
Program expenses-other	22,007	38,514	119,158	52,489	2,562	234,730	8,325	32	8,357	243,087
Total Expenses	\$ 370,873	\$ 417,733	\$ 307,433	\$ 639,131	\$ 171,375	\$ 1,906,545	\$ 168,261	\$ 65,463	\$ 233,724	\$ 2,140,269

* Includes the Friendly Visitor & SNAP-Ed programs.

See notes to financial statements

**MEALS ON WHEELS
DIABLO REGION
STATEMENTS OF CASH FLOW
For The Year Ended June 30, 2019
(With Comparative Statements For The Year Ended June 30, 2018)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 244,537	\$ 461,913
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	60,053	55,814
Net unrealized (gain) loss investments	-	3,727
(Increase) decrease in contracts receivable	(11,344)	80,263
Decrease in prepaid expenses	3,064	11,649
(Increase) decrease in accounts payable	69,628	(4,073)
(Increase) decrease in accrued liabilities	43,832	3,775
Net cash provided (used) by operating activities	409,770	613,068
CASH FLOWS FROM INVESTING :		
Cash payments for the purchase of property	(17,541)	(34,126)
Cash payments for the purchase of investments	(2,812)	(48,948)
Net cash provided (used) by investing activities	(20,353)	(83,074)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(224,437)	(22,169)
Net cash provided (used) by financing activities	(224,437)	(22,169)
NET CHANGE IN CASH AND CASH EQUIVALENTS:	164,980	507,825
Cash and cash equivalents, beginning of year	1,212,418	704,593
Cash and cash equivalents, end of year	\$ 1,377,398	\$ 1,212,418
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest	\$ 30,395	\$ 32,663

See notes to financial statements

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 1- ORGANIZATION

Meals on Wheels Diablo Region, a California nonprofit organization, provides supportive services at no charge to seniors residing in Contra Costa County, CA. The Organization's mission is to enhance the quality of life for older adults through an umbrella of vital services. The Organization provides the following programs:

Meals on Wheels –

Delivers meals to the homebound, frail individuals unable to shop or cook for themselves.

Contra Costa County Cafes –

Provides lunch in a social setting at six Contra Costa County sites.

Fall Prevention –

Provides seniors with assistance in reducing preventable injuries, loss of independence, costs and deaths associated with falls through a variety of home inspections and modifications and balance-focused exercise programs.

Care Management –

Works with older adults and their families to assess needs and provide solutions to a myriad of issues including the prevention of elder abuse

Other Program Services –

Provides companionship to isolated, primarily frail and elderly Contra Costa County residents through the Friendly Visitor and Friendly Caller volunteers and Supplemental Nutrition Assistance Program Education to seniors.

NOTE 2- SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets without donor restrictions - are not subject to donor-imposed stipulations. These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions. The Organization's board may designate assets without restrictions for specific operational purposes from time to time. Board designated restrictions are considered as net assets without donor restrictions.

Net assets with donor restrictions - are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program revenues and donations - The Organization receives grant and contract support primarily from the U.S. Departments of Health and Human Services and Housing and Urban Development which are passed through Contra Costa County. In addition, certain clients provide voluntary contributions for the meals provided to them. The Organization also receives various contributions, including unconditional promises to give, which are recognized when received. All contributions are available for unrestricted use unless specifically restricted by donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

In addition Contra Costa County provides meals for the Organization's Meals on Wheels and CC Café programs. The value of the meals provided during the year ended June 30, 2019 were approximately \$1,608,351 in meal donations.

Contracts Receivable - Contract receivables include amounts due from public service grantors. All amounts are considered by management to be collected within one year.

Bad Debts - The organization uses the direct write-off method to recognize bad debt expense.

Functional Expenses and Allocation of Support Services - Specific program expenses are charged to those programs when incurred. The Organization's policy is to allocate the indirect expenses of programs based the salaries paid for each program.

Income Tax Status - The Organization has been granted tax exempt status by the Internal Revenue Service and the California Franchise Tax Board under sections 501(c)(3) and 23701 of the respective income tax codes and regulations, and is registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California.

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 2- SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization has evaluated its current tax positions and has concluded that as of June 30, 2019, it does not have any significant uncertain tax positions for which a reserve would be necessary.

Property and Equipment - Property and equipment are recorded at cost and contributed assets are carried at fair value at the date of the donation. Depreciation is provided on the straight-line method over estimated useful lives ranging from 5 to 30 years. Major additions and improvements are capitalized at cost; replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed when incurred. When assets are disposed, the related cost and accumulated depreciation are removed from the respective accounts. Any gain or loss on an item disposed is reflected in operating results.

Cash and Cash Equivalents – Cash and cash equivalents include all cash balances and highly liquid investments which are not managed as part of long-term investment strategies. Separate bank accounts are maintained for the Meals on Wheels and Senior Nutrition Programs as specified in the contracts.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of certain reported assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Donated Services – The Organization is dependent upon services provided by volunteer. For the year ended June 30, 2019 an estimated 1,193 volunteers donated approximately 47,504 hours of service, respectively, to sustain program activities. These donated services are not reflected in the financial statements since the services do not require specialized skills.

Investments - Investments are reported at their fair market values in the statement of financial position. Investment income consists of interest income, dividend income and investment gains and losses. Unrealized gains and losses are included in the change in net assets.

New Accounting Pronouncement - For the year ended June 30, 2019 the Organization has adopted the FASB Accounting Standards Update ASU No.2016-14 *Not-for-Profits (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 2- SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Certain amounts in the prior year have been reclassified for comparative purposes to conform to the June 30, 2019 presentation. Such information should be read in conjunction with the Organization's financial statement for the year ended June 30, 2018, from which the summarized information was derived.

NOTE 3- CONCENTRATIONS OF RISK

The Organization receives a significant portion of its public support from governmental agencies and is subject to potential reduction inherent in governmental budgetary processes.

NOTE 4- INVESTMENTS

Investments at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Morgan Stanley:		
Mutual funds	99,025	\$ 431,072
Equity securities	49,429	158,461
Money market fund	464,213	20,322
	<u>\$ 612,667</u>	<u>\$ 609,855</u>

Investment income for the years ended June 30, 2019 and 2018 consists of the following

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 31,579	\$ 19,954
Realized gains (losses)	7,751	4,319
Unrealized gains (losses)	(15,479)	(3,727)
Investment expense	(1,309)	(1,656)
	<u>\$ 22,542</u>	<u>\$ 18,890</u>

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment at June 30 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 213,624	\$ 213,624
Building	915,884	915,884
Office furniture and equipment	102,694	146,349
Vehicles	<u>57,260</u>	<u>77,288</u>
	\$ 1,289,462	1,353,145
Less: Accumulated depreciation	<u>(743,495)</u>	<u>(764,911)</u>
Net Property & Equipment	<u>\$ 545,967</u>	<u>\$ 588,234</u>

Depreciation expense amounted to \$59,810 for the year ended June 30, 2019 (2018 - \$55,574).

NOTE 6- NET ASSETS WITH DONOR RESTRICTIONS

During the year ended June 30, 2017 the Organization received a donation of \$83,600 for the installation of solar panels. The solar panels were capitalized as a fixed asset and therefore the temporary restrictions of the donation will be lifted as the solar panels depreciate over its useful life. For the year ended June 30, 2019 the restriction released amounted to \$18,578.

Net assets with donor restrictions outstanding for the years ended June 30, 2019 and 2018 are as follows:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Solar Project Funds	<u>\$ 37,155</u>	<u>\$ 55,733</u>

The Organization's Board of Directors had designated previously released endowment funds during the FYE 2013 (\$171,280) for specific use in the spirit of the donors' original intent and they may not be released without board approval. Due to the new accounting pronouncement changes board restricted funds are now reported as net assets without donor restrictions.

NOTE 7- LONG-TERM DEBT

On August 30, 2012 the organization refinanced the existing mortgage loan in the amount of \$800,000. The mortgage is amortized over a 25 year period payable in monthly installments of principal and interest at 4.7% in the amount of \$4,569.33. The note is due in full on August 16, 2022. The note is secured by the Organization's headquarters. During the year, the Organization received a restricted grant in the amount of \$200,000 with the requirement to repay a portion of this loan. This payment was made in May 2019.

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 7- LONG-TERM DEBT-continued

Future schedule maturities of mortgage payable for year ended June 30:

<u>FYE</u>	<u>Amount</u>
2020	\$ 34,752
2021	36,421
2022	38,170
2023	333,602
	<u>\$ 442,945</u>

NOTE 8- SPECIAL EVENTS

The Organization holds various fundraising events during the year. The results of these events held in 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Income	\$ 17,251	\$ 186,646
Direct expenses	(4,249)	(56,297)
Total	<u>\$ 13,002</u>	<u>\$ 130,349</u>

NOTE 9- LEASE OBLIGATIONS

The organization has one operating lease which terminates in March 2024.

The future minimum lease payments required under the lease as of June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 10,015
2021	10,015
2022	10,015
2023	10,015
2024	7,511
	<u>\$ 47,571</u>

NOTE 10- RENTAL ACTIVITY

Rental income was derived from leasing a portion of the office space to tenants. The lease terminated on May 31, 2018.

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 11- FAIR VALUE MEASUREMENT OF INVESTMENTS

FASB ASC 820-10, *Fair Value Measurements*, establishes a 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820-10 are described as follows:

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

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly including inputs in markets that are considered to be active.

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

The following tables set forth by level, within the fair value hierarchy, the Organization's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2019 and 2018:

Description	Fair Values as of 6/30/2019	Recurring Fair Value Measurements as of Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Money Market Funds	\$ 462,077	\$ 462,077	-	-
Mutual Funds	-	-	-	-
Equity Securities	150,590	150,590	-	-
	<u>\$ 612,667</u>	<u>\$ 612,667</u>	<u>\$ -</u>	<u>\$ -</u>
Assets				
	6/30/2018			
Money Market Funds	\$ 20,322	\$ 20,322	\$ -	\$ -
Mutual Funds	431,071	431,071	-	-
Equity Securities	158,462	158,462	-	-
	<u>\$ 609,855</u>	<u>\$ 609,855</u>	<u>\$ -</u>	<u>\$ -</u>

**MEALS ON WHEELS
DIABLO REGION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

NOTE 12- RETIREMENT PLAN

The Organization has adopted a 401(k) Retirement Plan in which all employees are eligible for salary deferrals. The Organization provides a matching contribution of 100% of employee elective deferrals (not to exceed 3% of total compensation) for employees who are at least 18 years of age, have worked for the Organization for more than three months, and who worked a minimum of 1,000 hours per year. Matching contributions begin to vest after two years and are 100% vested at six years.

NOTE 13- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, June 30, 2019, reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

Financial Assets at Year End:	
Cash and cash equivalents	\$ 1,377,398
Accounts receivable	311,819
Investments	612,667
Total Financial Assets at Year End	<u>2,301,884</u>
Less those unavailable for general expenditures within one year, due to:	
Current portion of long-term debt	(34,629)
Donor restricted - Solar installation	(38,133)
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,229,122</u></u>

**MEALS ON WHEELS
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NOTE 14- GOVERNMENTAL FINANCIAL ASSISTANCE

Grant revenues for the year ended June 30, 2019 are as follows:

U.S. Department of Health and Human Services

<u>Passed through CA Department of Aging:</u>	Contract #	Amount
Friendly Visitors Program	40-392	\$ 86,168
Senior Nutrition	22-033	136,204
Senior Nutrition	22-137	73,136
Fall Prevention	40-360	86,892
Fall Prevention	40-371	59,783
Elder Abuse	40-388	94,030
Supplementary Nutrition Assistance		
Program Education	40-407	<u>43,071</u>
Subtotal		<u>579,284</u>
Subtotal		

U.S. Department of Housing and Urban Development

<u>Passed through:</u>	
City of Antioch-CDBG	20,000
City of Concord-CDBG	22,900
City of Walnut Creek-CDBG	25,030
Contra Costa County-CDBG	30,000
Concord/Pleasant Hill Health Care District	21,000
City of Walnut Creek	15,223
Keller Canyon Fund	<u>13,368</u>
Subtotal	<u>147,521</u>
 Total	 <u><u>\$ 726,805</u></u>

**MEALS ON WHEELS
DIABLO REGION
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For The Year Ended June 30, 2019**

NOTE 15- EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 9, 2020, the date to which the financial statements were available to be issued. No significant subsequent events requiring disclosure or reporting were identified by management.

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
Meals on Wheels Diablo Region

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 Diablo Region (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meals on Wheels Diablo Region's internal control over financial reporting (internal control) to determine the 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 Diablo Region'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meals on Wheels Diablo Region'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 determination of financial statement amounts. 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.


Orinda, California
March 9, 2020