

**MEALS ON WHEELS OF
CONTRA COSTA, INC.**

**Independent Auditor's Report,
And
Financial Statements,**

**For the Year Ended
June 30, 2017**

MEALS ON WHEELS OF CONTRA COSTA, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Meals on Wheels of Contra Costa, Inc.
Martinez, California

We have audited the accompanying financial statements of Meals on Wheels of Contra Costa, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 of Contra Costa, Inc. as of June 30, 2017, 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.



Orinda, California
September 15, 2017

MEALS ON WHEELS OF CONTRA COSTA, INC.
STATEMENT OF FINANCIAL POSITION
As of June 30, 2017

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 681,580
Investments	887,982
Designated fund investments	66,896
Total Current Assets	<u>1,636,458</u>
 Total Assets	 <u>\$ 1,636,458</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 26,235
Total Current Liabilities	<u>26,235</u>
 Net Assets:	
Unrestricted	\$ 1,543,327
Temporarily restricted	66,896
Total Net Assets	<u>1,610,223</u>
 Total Liabilities and Net assets	 <u>\$ 1,636,458</u>

MEALS ON WHEELS OF CONTRA COSTA, INC.
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2017

UNRESTRICTED NET ASSETS	
Support:	
Contributions	\$ 1,532,389
Workplace campaigns	69,512
Investment income (loss), net	36,687
Total Support	<u>1,638,588</u>
Net assets released from donor restrictions	<u>148,535</u>
	1,787,123
EXPENSES:	
Program services	1,218,455
Supporting Services:	
Management and general	12,485
Fund-raising expenses	393,224
Total Support Services	<u>405,709</u>
Total Expenses	<u>1,624,164</u>
Increase (Decrease) in Unrest. Net Assets	162,959
TEMPORARILY RESTRICTED NET ASSETS	
Grants	148,535
Investment income (loss), net	5,391
Net assets released from donor restrictions	<u>(148,535)</u>
Change in Temporarily Restricted Assets	<u>5,391</u>
TOTAL INCREASE IN NET ASSETS	168,350
Net assets, beginning of year	<u>1,441,873</u>
Net assets, end of year	<u><u>\$ 1,610,223</u></u>

MEALS ON WHEELS OF CONTRA COSTA, INC.
 STATEMENTS OF CASH FLOW
 For The Year Ended June 30, 2017

Cash Flows From Operating Activities

Receipts from contributions	\$ 1,532,389
Receipts from grants/foundations	148,535
Receipts from workplace campaigns	69,512
Receipts net investment income	43,397
Payments to vendors/suppliers	(1,604,164)
Payments to others	<u>(12,652)</u>
Net Cash Flows from Operating Activities	<u>177,017</u>

Cash Flows From Financing Activities

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Cash Flows From Investing Activities

Investments	<u>(197,557)</u>
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Net Changes In Cash and Cash Equivalents (20,540)

Cash and Cash Equivalents at Beginning of Year 702,120

Cash and Cash Equivalents at End of Year \$ 681,580

**Reconciliation of Change in Net Assets to
 Net Cash Flows From Operating Activities**

Change in Net Assets	\$ 168,350
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Unrealized loss	1,319
Changes in assets and liabilities:	
Accounts payable	<u>7,348</u>
Net Cash Flows from Operating Activities	<u><u>\$ 177,017</u></u>

See Notes to Financial Statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management Expenses</u>	<u>Fund-Raising Expenses</u>	<u>Total</u>
Meals/Delivery	\$ 1,209,543	\$ -	\$ -	\$ 1,209,543
Development / Fundraising	-	-	197,335	197,335
Lists	-	-	49,257	49,257
Postage and delivery	160	-	89,622	89,782
Printing	5,422	-	44,296	49,718
Software/website	-	3,557	-	3,557
Graphic design costs	-	-	12,320	12,320
Training & Conferences	-	3,206	-	3,206
Insurance	1,535	827	-	2,362
Professional fees	-	4,200	-	4,200
Miscellaneous	1,795	695	394	2,884
TOTAL EXPENSES	<u><u>\$ 1,218,455</u></u>	<u><u>\$ 12,485</u></u>	<u><u>\$ 393,224</u></u>	<u><u>\$ 1,624,164</u></u>

See Notes to Financial Statements.

MEALS ON WHEELS OF CONTRA COSTA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. ORGANIZATION

Meals on Wheels of Contra Costa, Inc. sponsors fund-raising and program activities, apply for and accept grants from public and private agencies, businesses and individuals, on behalf and for the benefit of providing meals delivered to the homebound elderly of Contra Costa County through the Contra Costa Meals on Wheels Program, operated by the Contra Costa County Department of Health Services-Public Health Division. Meals on Wheels of Contra Costa, Inc. is governed by a Board of Directors composed of representatives from public and private agencies throughout Contra Costa County.

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.

Financial Statement Presentation – The financial statements are presented under the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets described below. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or a part of the income earned on any related investments for general or specific purposes.

Revenue – The Organization receives grant revenues from public and private organizations and are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions - Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Workplace campaign support is received through the Local Independent Charities of America and United Way of the Bay Area and is recognized when received.

MEALS ON WHEELS OF CONTRA COSTA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant Revenue – Grant revenue is received primarily from non-governmental organizations within the community.

Functional expenses - Expenses are charged to program expenses based on direct expenditures incurred. Any expenditure not directly chargeable is allocated to the program based upon allowable costs, which are considered in the budget process.

Income tax status – The Organization is exempt from federal and state taxes on income under Internal Revenue Code section 501(c) (3) and California Revenue and Taxation Code 23701d 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.

The Organization has evaluated its current tax positions and has concluded that as of September 30, 2015 it does not have any significant uncertain tax positions for which a reserve would be necessary.

Allocation of Supporting Service Expenditures – It is the Organization’s policy to allocate the indirect expenses of administrative overhead (Supporting Services) to program services based upon various direct costs related to program services.

Cash Equivalents - The Organization maintains deposits with financial institutions in either general checking or savings accounts. These cash accounts are insured in limited amounts. The Organization also invests excess cash in money market funds and certificates of deposits. For purposes of the statements of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Services - The Organization does not recognize any support, revenue or expenses from services contributed by volunteers. If any support, revenue or expenses were recorded it would be determined based on the difference of any amount paid to an individual and the comparable compensation, which would be paid to an individual if they were to occupy these paid positions.

Investments - Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

MEALS ON WHEELS OF CONTRA COSTA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of the related assets. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed when incurred. When assets are disposed of, the related cost and accumulated depreciation are removed from the respective accounts. Any gain or loss on an item disposed of is reflected in operating results.

Fair Value Measurements - Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 input - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Organization is required to measure non-cash contributions and related revenues. The specific techniques used to measure fair value for each element is described in the notes below that relate to each element.

Advertising - Advertising and promotional costs are charged to expense as incurred.

3. CONCENTRATION OF CREDIT RISK

The Organization has cash deposits which exceed FDIC limits. However, management believes that the concentration of credit risk is low due to the quality of the financial institutions holding these funds.

4. FAIR VALUE MEASUREMENTS

The table below present transactions measured at fair value on non-recurring basis during the nine month period ended June 30, 2017.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments/Designated Funds	<u>\$954,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954,878</u>
Fair value at June 30, 2017	<u>\$954,878</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 954,878</u>

MEALS ON WHEELS OF CONTRA COSTA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

5. INVESTMENTS

The following summarizes carrying values and market values of Marketable Securities:

	<u>2017</u>
Unrestricted:	
Money Market - Morgan Stanley	\$ 5,925
Equities - Morgan Stanley	215,042
Fixed Income/Preferreds - Morgan Stanley	611,015
Mututal Funds Other - Morgan Stanley	<u>56,000</u>
Subtotal	<u>887,982</u>
Temporarily Restricted:	
Designated Funds:	
East Bay Community Foundation	<u>66,896</u>
Total Investments	<u><u>\$ 954,878</u></u>

Net investment income consists of the following:

	<u>2017</u>
Interest and dividend income	\$ 25,671
Realized gains	26,719
Unrealized (loss)	(1,319)
Investment fees	<u>(8,993)</u>
	<u><u>\$ 42,078</u></u>

6. DESIGNATED FUND INVESTMENTS

The Organization adopted SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust the Raises or Holds Contributions for Others*. SFAS No. 136 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, return of investment of those assets, or both to an entity that is specified by the donor. SFAS No. 136 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the Organization (donor) must account for the transfer of such assets as an asset and the recipient organization as a liability.

The Organization established the designated fund during 2004 and has transferred a total of \$100,000 since inception to the East Bay Community Foundation (EBCF). As per the Designated Fund Agreement between the Organization and EBCF, the Organization granted variance power, as defined by SFAS No. 136, and the Organization specified itself as the beneficiary. The fund may make distributions of up to 100% of its assets annually, net of fees. The distribution policy may be amended as agreed by the parties. The invested funds are reported on the statement of financial position as designated fund investments and as temporarily restricted net assets. The Organization did not receive any distributions for the year ended June 30, 2017

MEALS ON WHEELS OF CONTRA COSTA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

7. TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets balance as of June 30, 2017 in the amount of \$66,896, represents the designated fund investments held by the East Bay Community Foundation.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2017, the date to which the financial statements were available. No subsequent events requiring disclosure or reporting were identified.