

PENINSULA VOLUNTEERS, INC.

INDEPENDENT AUDITORS' REPORT

and

FINANCIAL STATEMENTS

For the Years ended June 30, 2020 and 2019

STOREK, CARLSON & STRUTZ LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
PENINSULA VOLUNTEERS, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of Peninsula Volunteers, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' 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 auditors' 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 positions of Peninsula Volunteers, Inc. as of June 30, 2020 and 2019, 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.

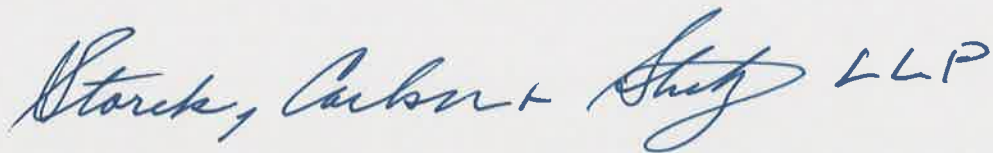
Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 on our consideration of Peninsula Volunteers, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peninsula Volunteers, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Storek, Carlson & Strutz LLP". The signature is written in a cursive, flowing style.

STOREK, CARLSON & STRUTZ LLP
June 25, 2021

PENINSULA VOLUNTEERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,785,293	\$ 567,101
Receivables	479,886	327,085
Inventories	19,957	17,541
Prepaid expenses	89,666	68,095
Investments	241,249	242,593
Total current assets	2,616,051	1,222,415
LONG-TERM INVESTMENTS	6,086,963	5,778,227
PROPERTY AND EQUIPMENT, NET	3,126,953	3,272,754
OTHER ASSETS		
Cash restricted for Little House game room upgrade	50,000	50,000
Cash restricted for long-term use	43,998	43,998
IMPUTED LEASEHOLD, NET	4,731,038	5,050,341
TOTAL ASSETS	\$ 16,655,003	\$ 15,417,735
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,329	\$ 231,272
Accrued payroll expenses	131,720	111,813
Accrued compensated absences	137,350	133,928
Deferred revenue	35,346	174,406
Paycheck Protection Program loan	567,500	-
Other accrued expenses	-	329
Total current liabilities	875,245	651,748
NET ASSETS:		
Without donor restrictions:		
General	9,759,911	8,427,581
Board-designated - 4% of the average fair value of the Endowment Fund for the previous three years	52,163	51,419
Total net assets without donor restrictions	9,812,074	8,479,000
With donor restrictions	5,967,684	6,286,987
Total net assets	15,779,758	14,765,987
TOTAL LIABILITIES AND NET ASSETS	\$ 16,655,003	\$ 15,417,735

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues and gains:			
Contributions	\$ 2,191,869	\$ -	\$ 2,191,869
Program fees	980,388	-	980,388
Federal grants	1,138,294	-	1,138,294
Bequests	953,737	-	953,737
Special events	302,773	-	-
Less: costs of direct benefits	<u>(19,177)</u>	-	283,596
Senior nutrition	185,994	-	185,994
Interest and dividends, net of fees	109,583	-	109,583
Contributed rent	210,697	-	210,697
Other grants and contracts	731,190	-	731,190
Membership dues	63,872	-	63,872
Investment gains (losses)	207,225	-	207,225
Other income	54,143	-	54,143
Assets released from restrictions:			
Roslyn G. Morris Memorial Fund	-	-	-
Current year amortization of contributed leasehold asset from City of Menlo Park (Note 5)	<u>319,303</u>	<u>(319,303)</u>	<u>-</u>
Total revenues and gains	<u>7,429,891</u>	<u>(319,303)</u>	<u>7,110,588</u>
Expenses and losses:			
Program services:			
Rosener House	1,866,422	-	1,866,422
Little House	1,308,379	-	1,308,379
Meals on Wheels	2,053,653	-	2,053,653
Nutrition	<u>135,291</u>	<u>-</u>	<u>135,291</u>
Total program services	<u>5,363,745</u>	<u>-</u>	<u>5,363,745</u>
Supporting services:			
General and administrative	253,303	-	253,303
Fundraising and membership	<u>479,769</u>	<u>-</u>	<u>479,769</u>
Total supporting services	<u>733,072</u>	<u>-</u>	<u>733,072</u>
Total expenses and losses	<u>6,096,817</u>	<u>-</u>	<u>6,096,817</u>
CHANGE IN NET ASSETS	1,333,074	(319,303)	1,013,771
NET ASSETS, BEGINNING OF YEAR	<u>8,479,000</u>	<u>6,286,987</u>	<u>14,765,987</u>
NET ASSETS, END OF YEAR	<u>\$ 9,812,074</u>	<u>\$ 5,967,684</u>	<u>\$ 15,779,758</u>

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues and gains:			
Contributions	\$ 1,355,073	\$ -	\$ 1,355,073
Program fees	1,373,493	-	1,373,493
Federal grants	1,224,220	-	1,224,220
Special events	475,806	-	
Less: costs of direct benefits	<u>(52,359)</u>	-	423,447
Senior nutrition	179,081	-	179,081
Interest and dividends, net of fees	114,891	-	114,891
Contributed rent	228,239	-	228,239
Other grants and contracts	399,885	-	399,885
Membership dues	82,462	-	82,462
Investment gains (losses)	180,552	-	180,552
Other income	63,876	-	63,876
Assets released from restrictions:			
Music and memory program	15,534	(15,534)	-
Roslyn G. Morris Memorial Fund	23,998	(23,998)	-
Current year amortization of contributed leasehold asset from City of Menlo Park (Note 5)	<u>305,586</u>	<u>(305,586)</u>	-
Total revenues and gains	<u>5,970,337</u>	<u>(345,118)</u>	<u>5,625,219</u>
Expenses and losses:			
Program services:			
Rosener House	1,966,797	-	1,966,797
Little House	1,372,904	-	1,372,904
Meals on Wheels	1,927,582	-	1,927,582
Nutrition	<u>100,570</u>	<u>-</u>	<u>100,570</u>
Total program services	<u>5,367,853</u>	<u>-</u>	<u>5,367,853</u>
Supporting services:			
General and administrative	172,969	-	172,969
Fundraising and membership	<u>491,167</u>	<u>-</u>	<u>491,167</u>
Total supporting services	<u>664,136</u>	<u>-</u>	<u>664,136</u>
Total expenses and losses	<u>6,031,989</u>	<u>-</u>	<u>6,031,989</u>
CHANGE IN NET ASSETS	(61,652)	(345,118)	(406,770)
NET ASSETS, BEGINNING OF YEAR	<u>8,540,652</u>	<u>6,632,105</u>	<u>15,172,757</u>
NET ASSETS, END OF YEAR	<u>\$ 8,479,000</u>	<u>\$ 6,286,987</u>	<u>\$ 14,765,987</u>

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>				<u>Supporting Services</u>				
	<u>Rosener House</u>	<u>Little House</u>	<u>Meals on Wheels</u>	<u>Nutrition</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Fundraising and Membership</u>	<u>Total Supporting</u>	<u>Total Expenses</u>
Salaries, wages and benefits	\$ 1,208,897	\$ 448,924	\$ 839,559	\$ 424,832	\$ 2,922,212	\$ 140,059	\$ 345,836	\$ 485,895	\$ 3,408,107
Facilities rent expense	155,000	375,000	-	-	530,000	-	-	-	530,000
Programs and supplies	54,858	42,012	245,694	493,145	835,709	2,731	36,389	39,120	874,829
Professional services	115,295	132,007	32,584	11,271	291,157	55,514	11,776	67,290	358,447
Special events	-	-	-	-	-	-	31,606	31,606	31,606
Telephone and utilities	64,267	55,330	26,823	27,551	173,971	9,645	6,604	16,249	190,220
Equipment lease and repairs	52,317	34,421	23,357	29,106	139,201	3,619	3,577	7,196	146,397
Printing and postage	1,675	472	5,188	132	7,467	171	23,483	23,654	31,121
Advertising	4,933	7,568	10,576	2	23,079	1	13,655	13,656	36,735
Insurance	15,408	9,280	22,995	5,572	53,255	5,176	1,871	7,047	60,302
Transportation	272	105,130	44,375	20	149,797	16	235	251	150,048
Dues and subscriptions	4,706	257	948	242	6,153	388	711	1,099	7,252
Other expenses	7,076	4,934	3,804	364	16,178	2,486	2,631	5,117	21,295
Food service allocation	<u>67,762</u>	<u>39,653</u>	<u>792,959</u>	<u>(900,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses before depreciation	1,752,466	1,254,988	2,048,862	91,863	5,148,179	219,806	478,374	698,180	5,846,359
Depreciation	<u>113,956</u>	<u>53,391</u>	<u>4,791</u>	<u>43,428</u>	<u>215,566</u>	<u>33,497</u>	<u>1,395</u>	<u>34,892</u>	<u>250,458</u>
TOTAL EXPENSES	<u>\$ 1,866,422</u>	<u>\$ 1,308,379</u>	<u>\$ 2,053,653</u>	<u>\$ 135,291</u>	<u>\$ 5,363,745</u>	<u>\$ 253,303</u>	<u>479,769</u>	<u>733,072</u>	<u>6,096,817</u>
Percent of total expenses	<u>30.6%</u>	<u>21.5%</u>	<u>33.7%</u>	<u>2.2%</u>	<u>88.0%</u>	<u>4.2%</u>	<u>7.9%</u>	<u>12.0%</u>	<u>100.0%</u>

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>				<u>Supporting Services</u>				
	<u>Rosener House</u>	<u>Little House</u>	<u>Meals on Wheels</u>	<u>Nutrition</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Fundraising and Membership</u>	<u>Total Supporting</u>	<u>Total Expenses</u>
Salaries, wages and benefits	\$ 1,235,930	\$ 445,120	\$ 832,107	\$ 423,716	\$ 2,936,873	\$ 92,688	\$ 301,416	\$ 394,104	\$ 3,330,977
Facilities rent expense	155,000	375,000	-	-	530,000	-	-	-	530,000
Programs and supplies	42,738	40,954	243,641	372,348	699,681	1,643	43,412	45,055	744,736
Professional services	183,899	153,986	22,599	7,250	367,734	52,528	17,091	69,619	437,353
Special events	-	-	-	-	-	-	83,526	83,526	83,526
Telephone and utilities	56,528	54,352	19,346	22,021	152,247	6,738	4,726	11,464	163,711
Equipment lease and repairs	60,940	31,591	28,685	34,641	155,857	3,281	5,365	8,646	164,503
Printing and postage	2,590	518	5,007	135	8,250	141	25,380	25,521	33,771
Advertising	4,150	4,106	9,715	35	18,006	1,689	1,396	3,085	21,091
Insurance	15,333	7,494	16,506	5,046	44,379	2,785	1,464	4,249	48,628
Transportation	205	148,337	52,888	42	201,472	-	114	114	201,586
Dues and subscriptions	4,470	293	1,042	263	6,068	392	639	1,031	7,099
Other expenses	9,085	7,793	5,775	416	23,069	292	1,081	1,373	24,442
Food service allocation	86,221	38,902	684,113	(809,236)	-	-	-	-	-
Total expenses before depreciation	1,857,089	1,308,446	1,921,424	56,677	5,143,636	162,177	485,610	647,787	5,791,423
Depreciation	109,708	64,458	6,158	43,893	224,217	10,792	5,557	16,349	240,566
TOTAL EXPENSES	\$ 1,966,797	\$ 1,372,904	\$ 1,927,582	\$ 100,570	\$ 5,367,853	\$ 172,969	491,167	664,136	6,031,989
Percent of total expenses	<u>32.6%</u>	<u>22.8%</u>	<u>32.0%</u>	<u>1.7%</u>	<u>89.0%</u>	<u>2.9%</u>	<u>8.1%</u>	<u>11.0%</u>	<u>100.0%</u>

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

PENINSULA VOLUNTEERS, INC.

STATEMENTS OF CASH FLOWS

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flow (to) from operating activities:		
Increase (decrease) in net assets	\$ 1,013,771	\$ (406,770)
Adjustments to reconcile change in net assets to net cash from (to) operating activities:		
Depreciation	250,458	240,567
Amortization of imputed leasehold	319,303	305,586
Realized and unrealized (gains) losses	(207,571)	(180,552)
Contributions with restricted purpose	-	(93,998)
Changes in assets and liabilities:		
Receivables	(152,801)	(39,866)
Prepaid expenses	(21,571)	13,391
Inventories	(2,416)	1,817
Accounts payable	(227,943)	44,166
Accrued liabilities and deferred revenue	<u>(116,060)</u>	<u>(28,635)</u>
Net cash flow (to) from operating activities	<u>855,170</u>	<u>(144,294)</u>
Cash flow (to) from investing activities:		
Acquisition of property and equipment	(104,657)	(90,380)
Proceeds from sale of investments	2,461,223	2,485,870
Purchases of investments	<u>(2,561,044)</u>	<u>(2,468,360)</u>
Net cash flow (to) from investing activities	<u>(204,478)</u>	<u>(72,870)</u>
Cash flow (to) from financing activities:		
Proceeds from PPP loan	<u>567,500</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,218,192	(217,164)
Cash and cash equivalents at beginning of year	<u>567,101</u>	<u>784,265</u>
Cash and cash equivalents at end of year	<u>\$ 1,785,293</u>	<u>\$ 567,101</u>

SUPPLEMENTAL INFORMATION:

Non cash operating activities:

In 2020 and 2019, PVI received unconditional contributions of rent based on two long-term leases with the City of Menlo Park. The estimated value of the contributed rent is \$530,000 for both 2020 and 2019, which is recorded in the statements of activities as contributed rent, less amortization of the imputed leasehold, and as rent expense. The imputed lease value for the contributed rent is amortized using the interest method.

There was no interest expense or income tax paid for the years ended June 30, 2020 and 2019.

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

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

(a) Peninsula Volunteers, Inc. (PVI) is a California nonprofit corporation which has provided a variety of services to older adults residing in San Mateo and Santa Clara counties since 1947. PVI provides the following four major programs:

1. Little House, The Roslyn G. Morris Activity Center - Little House provides classes, workshops, referral services, and nutritional services to seniors in the community.
2. Rosener House Adult Day Services - Rosener House is a licensed adult day care and support center for impaired older adults, providing respite care for family and other caregivers.
3. Meals on Wheels - Peninsula Volunteers, Inc. currently delivers over two thousand hot meals per week to homebound seniors and other qualified individuals in San Mateo County.
4. Nutrition - Peninsula Volunteers, Inc. prepares nutritionally balanced meals for the participants of its Meals on Wheels, Rosener House and Little House programs, and congregate meals to seniors in the community at various senior centers.

Peninsula Volunteer Properties, Inc. (a related nonprofit organization) offers affordable housing for seniors and individuals with disabilities who have limited income, as discussed in Note 9.

(b) Financial statement presentation -PVI has adopted FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958) -Presentation of Financial Statements of Not-for-Profit Entities*. PVI has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of PVI's financial statements:

The permanently restricted and temporarily restricted net asset classes have been renamed net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a new disclosure about liquidity and availability of resources (Note13).

Without donor restrictions: Includes net assets that are subject to self-imposed limits by action of the governing board. Board-designated nets assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

With donor restrictions: A donor stipulation (donors include other types of contributions, including makers of certain grants) that specifies a use for a contributed asset that is more specific than broad limits resulting from the following:

- a. The nature of the not-for-profit entity
- b. The environment in which it operates
- c. The purpose specified in its articles of incorporation or bylaws or comparable documents.

(c) 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates. PVI's significant estimates include the valuation of investments, the expected useful lives of property and equipment, and the determination of functional expense allocations.

(d) Contributions received coded with donor restrictions or without donor restriction depending on the nature of donor restrictions. Contributions with donor restrictions are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. If a restriction expires in the same accounting period as the contribution is received, the revenue is shown as unrestricted. Unconditional promises to give are recognized as revenue at the time the promise is made by the donor; conditional promises to give are disclosed but not recognized as revenue until the conditions are met.

(e) PVI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2020 AND 2019

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Inventories consist primarily of: 1) perishable food product purchased for use in PVI's Meals on Wheels and Nutrition programs, which are valued at the lower of cost or market; and 2) in-kind contributions to be used for fund raising purposes and recorded at their estimated fair value. PVI reminds donors to obtain an appraisal for in-kind contributions that approximate a value of \$5,000 or more.

(g) Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritized 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 fair values hierarchy are described below:

Level 1: Quoted market prices for identical assets and liabilities to which the organization has ability to access at measurement date.

Level 2: Observable inputs and information other than quoted market indices included in Level 1.

Level 3: Unobservable inputs for the asset and liability.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2020 and 2019.

(i) *Mutual funds*: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

(ii) *Certificates of deposit*: Valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments.

PVI's carrying amounts of its assets and liabilities, including its investments presented in Note 3, approximate fair value under Level for the years ended June 30, 2020 and 2019, with the exception of its imputed leasehold asset, which approximates fair value under Level 3 for the years ended June 30, 2020 and 2019.

(h) Property and equipment, which are capitalized for expenditures over \$2,000, are stated at cost or, if donated, at approximate fair value at the date of donation. Depreciation is computed using the straight-line method with useful lives from 3 to 40 years. Expenditures representing general repairs and maintenance are expensed in the year incurred.

(i) PVI's Endowment Fund consists of donor-restricted funds, and is required by generally accepted accounting principles to follow California's enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). A key component of the provision is a requirement to classify the portion of investment return from donor-restricted endowment funds that is not classified as donor with restriction until appropriated for expenditure. Because the donors of PVI's Endowment Fund have stipulated that earnings may be used for current operations, these earnings are included in assets without donor restrictions. Within net assets without donor restrictions, certain portions of the Endowment Fund earnings have been designated by the Board for 2020 and 2019, as described in the Statement of Financial Position and in Note 11.

(j) Peninsula Volunteers, Inc. has obtained tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and from the Franchise Tax Board under Section 23701(d) of the California Revenue and Tax Code. Accordingly, no provision for federal income tax or California franchise tax has been made. PVI has been classified as a publicly supported charitable organization, which is not a private foundation under IRS Code Section 509(a).

Management believes that it does not have any uncertain tax positions that impact its financial position, statement of activities or change in net assets. Peninsula Volunteers, Inc., which is subject to taxation in the United States and California jurisdictions, has incurred no interest or penalties related to its tax positions. PVI's fiscal years ended 2018 through 2020 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes, and fiscal years ended 2017 through 2020 tax years remain subject to examination by state tax authority.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2020 AND 2019

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management's estimate of indirect salary expense allocation is based on individual employees' estimated time spent on each program. Management's estimate of other indirect costs are based on salary expense allocation and/or square footage.

Fundraising activities are performed primarily by PVI employees and volunteers. Special events that are major and/or ongoing are reported as gross proceeds with related expenses reported separately. Joint costs incurred in fundraising activities are allocated between program and support services in the statement of functional expenses based on management's estimates.

(l) PVI uses advertising to promote its programs among the communities it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$36,735 and \$21,091, respectively.

(m) Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 - RECEIVABLES

Receivables consist of the following on June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Grants and contracts receivable	\$ 479,886	\$ 323,585
Pledges receivable	-	3,500
	<u>\$ 479,886</u>	<u>\$ 327,085</u>

PVI utilizes the reserve method of accounting for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of year. As of June 30, 2020 and 2019, PVI had zero allowance for doubtful accounts.

NOTE 3 - INVESTMENTS, INCLUDING ENDOWMENT FUND

PVI's investments on June 30, 2020 and 2019, which approximate fair value under Level 1 of the three-level hierarchy described in Note 1(g), on a recurring basis, are as follows:

	<u>(Level 1)</u>	
	<u>2020</u>	<u>2019</u>
60-month certificate of deposit	\$ 99,567	\$ 99,167
Balance funds	931,343	-
Mutual funds		
Equity funds:		
Large Cap funds	1,806,193	-
International Developed Markets	1,590,570	-
Global equity funds	-	1,501,079
Equity income funds	-	948,395
Growth funds	-	1,666,239
Fixed income funds		
Corporate short/intermediate bond funds	1,615,145	-
US Treasury and government bond funds	285,394	-
Inflation linked bond funds	-	293,633
Intermediate bond funds	-	1,166,393
Short-term bond funds	-	345,914
Total mutual funds:	<u>6,228,645</u>	<u>5,921,653</u>
Total investments	6,328,212	6,020,820
Less current portion	241,249	242,593
Long term investments	<u>\$ 6,086,963</u>	<u>\$ 5,778,227</u>

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2020 AND 2019

NOTE 3 - INVESTMENTS, INCLUDING ENDOWMENT FUND (continued)

PVI does not have any direct investments in common and preferred stocks, hedge funds, private equity or real estate.

PVI's certificate of deposit is held at a financial institution and is insured under FDIC rules. PVI's other investments are held at a local branch of an established brokerage. Equity funds consist primarily of high quality U.S. and international common stocks and securities convertible into common stocks. Fixed income funds generally consist of investments in U.S. government bonds, high quality money market funds, and fixed income securities. Cash equivalent investments within the brokerage accounts, mutual funds and other investment funds are not insured against loss by the brokerage, therefore are subject to risk of loss. Cash equivalent investments of \$1,053,499 and \$598,192 within the brokerage accounts are reported as cash in the accompanying financial statements as of June 30, 2020 and 2019, respectively.

PVI's investment returns are as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 130,469	\$ 134,450
Net realized and unrealized gains and losses	207,571	180,552
Investment management fees	<u>(21,232)</u>	<u>(20,312)</u>
	<u>\$ 316,808</u>	<u>\$ 294,690</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property, equipment and accumulated depreciation are comprised of the following amounts on June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Little House		
Improvements	\$ 2,483,131	\$ 2,483,131
Furniture and equipment	<u>644,730</u>	<u>576,788</u>
	<u>3,127,861</u>	<u>3,059,919</u>
Rosener House		
Building	3,940,776	3,940,776
Improvements	344,841	327,876
Furniture and equipment	<u>394,224</u>	<u>394,224</u>
	<u>4,679,841</u>	<u>4,662,876</u>
Meals on Wheels:		
Improvements	83,143	83,143
Furniture and equipment	<u>231,822</u>	<u>212,072</u>
	<u>314,965</u>	<u>295,215</u>
Administrative:		
Improvements	8,272	8,272
Furniture and equipment	<u>309,100</u>	<u>309,100</u>
	<u>317,372</u>	<u>317,372</u>
Total property and equipment at cost	8,440,039	8,335,382
Less accumulated depreciation	<u>5,313,086</u>	<u>5,062,628</u>
Total property and equipment, net	<u>\$ 3,126,953</u>	<u>\$ 3,272,754</u>

PENINSULA VOLUNTEERS, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

JUNE 30, 2020 AND 2019

NOTE 5 - IMPUTED LEASEHOLD

In 1954 PVI built the facilities at Little House and deeded them to the City of Menlo Park ("the City.") Prior to June 16, 2014, the City leased the facilities back to PVI for \$12 per year, based on the terms of the lease dated February 1, 1995 and expiring on January 31, 2015. On June 16, 2014, PVI and the City agreed upon a lease whereby the City leases the facilities back to PVI for \$1 per year, with an expiration date of January 31, 2035, superseding and replacing the lease dated February 1, 1995. On July 1, 2001, PVI extended its ground lease agreement dated January 15, 1980 with the City of Menlo Park for the Rosener House location for a term of twenty-five years for \$1 per year, with an option to extend for an additional ten years.

Unconditional promises to give the use of long-lived assets for a specified number of periods in which the donor retains legal title to the long-lived asset may be received in connection with leases. The estimated net present value of the contributed rent is required to be recognized as temporarily restricted revenue when the promise is received. Contributed rents receivable due in more than one year are discounted to their estimated net present value using a risk-free rate of return, typically the three-month U.S. Treasury bill rate in effect at the date the promise was received, with an appropriate risk adjustment based on factors including, among others, the current real estate market conditions and the incremental borrowing rate. Peninsula Volunteers, Inc. has estimated the net present values of the Little House and Rosener House leases using discount rates of 4.50% and 3.40%, respectively based on the three-month U.S. Treasury bill rate in effect at each lease's inception, risk-adjusted for the incremental borrowing rate. The imputed leasehold value is amortized using the interest method over the term of each lease and is recognized as contributed revenue during the terms of the leases. During the 2014 fiscal year PVI recognized the present value of the contributed rent under its new lease with the City of Menlo Park as a contribution and as a temporarily restricted leasehold asset in the amount of \$4,939,545.

PVI's imputed leasehold balance on June 30, 2020 and 2019, which approximate fair value under Level 3 of the three-level hierarchy described in Note 1(g), on a recurring basis, are as follows:

	<u>(Level 3)</u>	
	<u>2020</u>	<u>2019</u>
Prior fiscal year-end balance	\$ 5,050,341	\$ 5,355,927
Amortization for the year	<u>(319,303)</u>	<u>(305,586)</u>
Current fiscal year-end balance	<u>\$ 4,731,038</u>	<u>\$ 5,050,341</u>

The attributes of the Little House and Rosener House leases require that they be treated as contributed long-lived assets in the accompanying financial statements. As a result, the recognition of revenue and expense for the contributed rent is uneven over the term of each lease. Although the revenue and expense related to the contributed rent are equal each year within the unrestricted net asset class, the temporarily restricted net asset class is increased by the present value of the imputed leasehold asset in the initial year of the lease, and reduced each year thereafter to account for amortization of the imputed leasehold asset. As a result of the revenue recognition principles applied for contributed long-lived assets, total contributed rent income was \$210,697 and rent expense was \$530,000 for 2020 (\$224,413 and \$530,000, respectively for 2019.)

NOTE 6 - LEASE COMMITMENTS AND CONTINGENCIES

PVI records transactions related to its Little House facilities lease and Rosener House ground lease based on the terms of the respective lease agreements, as discussed in Note 5.

As of June 30, 2020, Peninsula Volunteers, Inc. had entered into various noncancelable operating lease agreements for the rental of office equipment. Minimum annual rentals is about \$23,000 per year from 2021 to 2024.

Operating lease expenses were \$29,634 and \$25,828 for the years ended June 30, 2020 and 2019, respectively.

PENINSULA VOLUNTEERS, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

JUNE 30, 2020 AND 2019

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

PVI maintains its investment accounts primarily with one financial institution. These investments, which are described in Note 3, are not protected under the Federal Depository Insurance Corporation (FDIC) or other regulatory agency; therefore, the Organization is not insured against investment loss.

PVI's bank accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, PVI's cash balances exceed FDIC limits; however, PVI places its cash and cash equivalents in quality financial institutions and believes no significant credit risk exists with respect to these accounts.

NOTE 8 - EMPLOYEE BENEFIT PLANS

PVI adopted a 401K profit sharing plan ("the Plan") effective January 1, 2017 to replace its SIMPLE IRA plan. Employees who are 21 or older and have completed 1 year of service (1000 hours) may contribute either their pretax or after tax (Roth deferral), or a combination of both, up to the annual limit as allowed by the IRS. Eligible employees over 50 years of age may also make catch-up contributions up to the annual limit as allowed by the IRS. PVI may make discretionary matching contributions to employees who are 21 or older and have completed three months of service. Matching contributions were \$48,112 and \$43,360 for the fiscal years ended June 30, 2020 and 2019, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

Peninsula Volunteer Properties, Inc. ("PVP") and PVI share a common Board of Directors, a joint liability insurance policy, and provide services to older adults under the common name, "Peninsula Volunteers." The Chief Executive Officer of PVI, acting on behalf of the Board, is regularly involved with PVP's property management, and the PVI's controller provides PVP's insurance administration and financial oversight. PVP pays approximately \$4000 per month at the fiscal year end to PVI for the time spent by PVI's management and staff on PVP affairs. PVI's related party service income was \$42,223 and \$46,683 for the years ended June 30, 2020 and 2019, respectively. There were no outstanding receivable balances from PVP as of both June 30, 2020 and 2019.

NOTE 10 - DONATED SERVICES, MATERIALS AND FACILITIES

The estimated fair value of donated professional services and supplies are recorded as contributions and as expenses. The estimated fair value of donated long-lived asset are recorded as fixed assets and contributions. During the years ended June 30, 2020 and 2019, the following in-kind contributions were received by PVI:

	<u>2020</u>	<u>2019</u>
Food from Second Harvest Food Bank, primarily for home delivered meals program	\$ 100,426	\$ 34,459
Pro bono legal services on general employment law	3,563	11,296
Donated materials and supplies, primarily for fundraising and special events	21,004	53,554
	<u>\$ 124,993</u>	<u>\$ 99,309</u>

PVI also pays annual rent for Little House and Rosener House at an amount significantly less than market rate. The approximate fair value of these annual lease values has been estimated by a real estate professional to be \$375,000 and \$155,000, respectively. when the lease was renewed in 2014. These amounts are included in the accompanying financial statements, as described in Note 5.

Peninsula Volunteers, Inc. also received about 26,900 hours and 22,100 hours of donated services from unpaid volunteers assisting in various program and support activities for of the years ended June 30, 2020 and 2019, respectively. Since these services did not require specialized skills, they did not meet the criteria for recognition and have not been recorded as support and expense in the accompanying financial statements.

PENINSULA VOLUNTEERS, INC.

NOTES TO FINANCIAL STATEMENTS - (Continued)

JUNE 30, 2020 AND 2019

NOTE 11 - ENDOWMENT FUND

As approved by the Board of Directors, PVI's Endowment Fund, established in fiscal 2007, is invested with a professional investment advisor, and held at local branches of an established brokerage and bank. The endowment consists of funds for which the donors have directed that only current income from the endowment be used for PVI's operations, with the original principal amount invested in perpetuity. In January 2012, PVI received \$88,111 for the Kates Endowment, transferred from an endowment originally donated to a hospital in California to generate income to fund two annual awards to hospital staff in honor of their excellent service to Alzheimer's patients. The hospital had dissolved their Alzheimer's program and could no longer carry out the wishes of the donors. With permission from the California State Attorney General, the funds remaining in the hospital endowment were transferred to PVI. The Kates Endowment, which is invested conservatively to protect the corpus, was stipulated by the donors to award two members of the Rosener House staff each year, with the amount of the awards to be determined by PVI. After PVI had accrued investment income for one full year, distributions were made in accordance with the donors' wishes in 2020 and 2019.

(a) Interpretation of Relevant Law

PVI has interpreted California's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, PVI classifies as restricted net assets: (a) the original value of gifts donated to the permanent endowment; and (b) the original value of subsequent gifts to the permanent endowment. Donor stipulations allow earnings from the Endowment Fund to be used in PVI's current operations (and for the Kates Endowment, to provide for Rosener staff recognition awards); therefore, investment earnings of the Endowment Fund are classified as unrestricted net assets.

(b) Spending Policy

PVI has established the Endowment Fund in accordance with donors' wishes to sustain its community programs, including but not limited to Little House, Rosener House, Meals on Wheels and all similar activities where the most need exists, directly or indirectly related to PVI's mission and goals. By resolution of the Board of Directors in 2008, and until a new investment policy was adopted in 2014, the interest and dividends earned on the endowment were not to be distributed for a period of five years from the date of establishment of the Endowment Fund. Effective April 2014, the Endowment Fund policy was revised such that the goal of the Endowment Fund is to spend no more than 4% of the three previous years' average annual market value in any given fiscal year and that monies may not be withdrawn from the Endowment Fund unless the value of the Endowment Fund is greater than the historical amount contributed to the Endowment Fund.

(c) Investing Policy

To meet the objectives described above, PVI's Board of Directors has established an investment policy whereby investments must be consistent with the fiduciary provisions of the Reasonable Person Rule. In April 2014, PVI approved a "Statement of Investment Policies, Guidelines and Objectives" for the Endowment Fund, which replaced its existing investment policy. The provisions of the new policy include, among others, that the Peninsula Endowment Fund (PVE) shall be invested in a diversified portfolio, consisting primarily of common stocks, bonds, cash equivalents and other investments that may reflect varying rates of return. The overall rate-of-return objective of the portfolio is a reasonable "real" rate, consistent with the risk levels as outlined below. The minimum acceptable rate of return over a full market cycle (3-5 years) is that which equals or exceeds the assumed spending rate plus the rate of inflation. PVI is comfortable with a moderate level of principal volatility and the risk associated with investing in stocks and bonds, including potential loss of capital.

(d) Endowment Net Asset Composition by Type of Fund as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Permanently restricted principal from donor contributions	<u>\$ 1,118,651</u>	<u>\$ 1,118,651</u>

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2020 AND 2019

NOTE 11 - ENDOWMENT FUND (continued)

(e) Changes in Endowment net assets (which are included with the investments disclosure in Note 3 for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investment return:		
Interest and dividends	\$ 28,947	\$ 29,499
Net realized and unrealized change in value	47,025	46,336
Investment management fees	<u>(4,796)</u>	<u>(4,552)</u>
Total investment return	71,176	71,283
Permanently-restricted donor contributions	-	-
Endowment earnings available for use in PVI's operations	<u>(71,176)</u>	<u>(71,283)</u>
Net change in Endowment net assets	-	-
Endowment net assets at beginning of year	<u>1,118,651</u>	<u>1,118,651</u>
Endowment net assets at end of year	<u>\$ 1,118,651</u>	<u>\$ 1,118,651</u>

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

PVI's net assets with donor restrictions consisted of the followings as of June 30:

	<u>2020</u>	<u>2019</u>
Imputed leasehold	\$ 4,731,037	\$ 5,050,340
Endowment fund	1,118,651	1,118,651
Roslyn G. Morris Memorial Fund	67,996	67,996
Little House Gaming room upgrade	<u>50,000</u>	<u>50,000</u>
	<u>\$ 5,967,684</u>	<u>\$ 6,286,987</u>

NOTE 13 - CASH LIQUIDITY

As part of the ASU 2016-14, there is a requirement to disclose the liquidity management of the organization. PVI has a policy to structure its financial assets to be available as it general expenditures, liabilities, and other obligations come due. General spending policy on overall investments follows a similar goal as endowment fund: spend no more than 4% of the three previous years' average annual market value in any given fiscal year . PVI treats this amount as current investments.

Long-term investments include funds consisting of donor-restricted funds and board designated funds. Income from donor-restricted funds that is restricted for either a specific purpose or time period is not available for general expenditure. The board designated funds could be adjusted upon board's approval.

Certificates of deposit of approximately \$99,168 are included in long-term investments.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2020 AND 2019

NOTE 13 - CASH LIQUIDITY (continued)

The following reflects PVI's financial assets that are available within one year of June 30, 2020 to fund general expenditures:

Financial assets		
Cash and cash equivalents	\$	1,785,293
Receivables		479,886
Short term investments		241,249
Long-term investments		<u>6,086,963</u>
Total financial assets		8,593,391
Less amounts unavailable for general expenditure within one year:		
Donor restricted to spend in future years		(43,998)
Donor restricted to spend Little House game room		(50,000)
Donor restricted to maintain as endowment		(1,118,651)
Board designated investments for long term		<u>(4,968,312)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>2,412,430</u>

NOTE 14 - REVENUE RECOGNITION

PVI has adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, using the modified retrospective method applied to its reimbursement contract with the San Mateo County. The contract is on a cost-reimbursement basis which requires PVI to incur specific qualifying expenses and perform specific services to be entitled to the promised resources. PVI recognizes the revenue after the qualifying expenses are incurred and services are performed each month when an invoice is generated and submitted to the county, along with the required cost reporting reports.

In accordance with ASU 2014-09, PVI considered the impact of adoption on its statement of financial position and statement of activities as of and for the years ended June 30, 2020 and 2019. Management determined that there was no impact, since there was no performance obligations related to the reimbursement contract which affected revenue recognition.

In conjunction with ASU 2014-09, PVI also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the Update). This Update requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue. Absence any condition, a contribution is recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. This Update is to be applied on a modified prospective basis.

In accordance with ASU 2018-08, management evaluated the various grants balances under deferred revenue that there were no further conditions that prevent PVI from recognizing those revenue, resulting in a recognition of about \$38,000 in revenue during the current fiscal year.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2020 AND 2019

NOTE 15 - PAYCHECK PROTECTION PROGRAM

On April 24, 2020, PVI was issued a loan of \$567,500 pursuant to the Paycheck Protection Program ("PPP Loan") under Division A, Title I of the CARES Act, which was enacted March 27, 2020 to provide relief to small businesses during the COVID-19 global pandemic. The loan is serviced by Boston Private Bank under the guidelines of the Small Business Administration (SBA.)

The PPP loan will be forgiven by the SBA to the extent that the loan proceeds are used for employee wages and health insurance premiums, rents, utilities and certain other expenses up to a 24-week coverage period beginning on the date of the PPP loan. As described in Note 16, Subsequent Events, management expects to meet the criteria for the entire PPP loan to be forgiven in full. Forgiveness application is planning to be submitted by June 30, 2021 and forgiveness is expected to happen during the 21-22 fiscal year.

NOTE 16 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closure of non-essential services, have triggered significant disruptions to businesses and services worldwide, resulting in a severe economic slowdown. Global financial markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic has affected PVI in that nearly all in-person activities have ceased since the shelter-in-place order went into effect in March 2020, except for the Meals on Wheels program, which is considered an essential service and therefore could continue to operate and demand actually increased and more meals are being served. Public support also increased in support of the meals on wheels program, which helped to offset the decreased of revenue due to closure of Rosener House and Little House.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of PVI for future periods. As described in Note 13, PVI appears to have sufficient liquidity and availability of funds to carry out its operations and for at least the next twelve months. As of the report issuance date, PVI has had no significant impact on general contributions, but projects program fees will continue to be less than budgeted amounts due to closure of Rosener House and Little House for most of fiscal year 2020-2021. Management believes that the PPP loan described in Note 15 will be forgiven in full in the 2021-2022 fiscal year. In light of these circumstances, there appears to be no significant doubt about the entity's ability to continue as a going concern for at least the next twelve months.

PVI's management has evaluated subsequent events and transactions through June 25, 2021, the date at which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements. Management has determined that the events described above are non-adjusting subsequent events. Accordingly, the statement of financial position and statement of activities as of and for the year ended June 30, 2020 have not been adjusted to reflect their impact.

SUPPLEMENTAL INFORMATION

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/ Pass Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>State Expenditures</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services				
Pass-through programs from San Mateo County (Aging Cluster):				
<i>Special Programs for the Aging: Nutrition Services</i>				
Home Delivered Meals - Seniors	93.045	57000-19-R075902S	\$ 280,219	\$ 715,779
<i>Special Programs for the Aging: Grants for Supporting Services and Senior Centers</i>				
Adult Day Care Program	93.044	57000-19-R075902S	-	131,285
Adult Day Care - Transportation	93.044	57000-19-R075902S	-	31,993
<i>Nutrition Services Incentive Program</i>				
Meals on Wheels - Seniors	93.053	57000-19-R075902S	-	115,455
<i>Subtotal - Aging Cluster</i>			<u>280,219</u>	<u>994,512</u>
Total U.S. Department of Health and Human Services			<u>280,219</u>	<u>994,512</u>
U.S. Department of Veterans Affairs				
Formula Grant Administered by State of California Medi-Cal Program:				
<i>Veterans State Nursing Home Care</i>				
Adult Day Care Program	64.015	N/A		<u>118,141</u>
Total U.S. Department of Veterans Affairs				<u>118,141</u>
U.S. Department of Housing and Urban Development				
Pass-through programs from San Mateo County (CDBG Entitlement Grants Cluster)				
Community Development Block Grant Administered by San Mateo County				
<i>Community Development Block Grant program for Entitlement Communities</i>				
Assist Nutrition Delivery	14.218	79000-19-D008		<u>25,000</u>
<i>Subtotal - CDBG Entitlement Grants Cluster</i>				<u>25,000</u>
Total U.S. Department of Housing and Urban Development				<u>25,000</u>
U.S. Department of Agriculture				
Emergency Food Assistance Program (Food Commodities) -				
Food Distribution Cluster				
<i>Received through Second Harvest Food Bank of Santa Clara and San Mateo Counties as donated food.</i>				
	10.569	10.569		<u>641</u>
<i>Subtotal - Food Distribution Cluster</i>				<u>641</u>
Total U.S. Department of Agriculture				<u>641</u>
Total Expenditures of Federal Awards				<u>\$ 1,138,294</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Peninsula Volunteers, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Peninsula Volunteers, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Peninsula Volunteers, Inc.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

Peninsula Volunteers, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance because there was no indirect costs included in the budget for its federal programs for the year ended June 30, 2020.



STOREK ■ CARLSON ■ STRUTZ ■ LLP

CERTIFIED PUBLIC ACCOUNTANTS & TRUSTED BUSINESS ADVISORS

**INDEPENDENT AUDITORS' 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
PENINSULA VOLUNTEERS, INC.
Menlo Park, CA

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 Peninsula Volunteers, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 June 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peninsula Volunteers, Inc.'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 Peninsula Volunteers, Inc.'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 over financial reporting 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 a part of obtaining reasonable assurance about whether Peninsula Volunteers, Inc.'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.

STOREK, CARLSON & STRUTZ LLP
Campbell, CA
June 25, 2021



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

To the Board of Directors
PENINSULA VOLUNTEERS, INC.
Menlo Park, CA

Report on Compliance for Each Major Federal Program

We have audited Peninsula Volunteers, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Peninsula Volunteers Inc.'s major federal programs for the year ended June 30, 2020. Peninsula Volunteers, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Peninsula Volunteers', Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Peninsula Volunteers, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Peninsula Volunteers, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Peninsula Volunteers, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

To the Board of Directors
Peninsula Volunteers, Inc.
Page Two

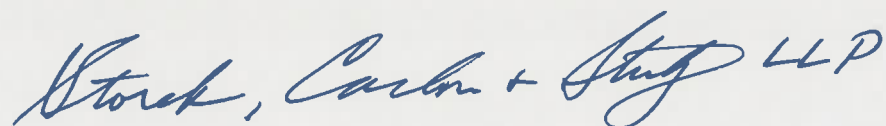
Report on Internal Control Over Compliance

Management of Peninsula Volunteers, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Peninsula Volunteers, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Peninsula Volunteers, Inc.'s internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



STOREK, CARLSON & STRUTZ LLP
Campbell, CA
June 25, 2021

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

A. SUMMARY OF AUDITORS' RESULTS:

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Peninsula Volunteers, Inc. were prepared in accordance with GAAP
2. No significant deficiencies were disclosed during the audit or reported in the "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*."
3. No instances of noncompliance material to the financial statements of Peninsula Volunteers, Inc. were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal awards program or reported in the "Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance".
5. The auditors' report on compliance for the major federal award program referred to above expresses an unmodified opinion on all major federal program.
6. There are no audit findings relative to the major federal award program of Peninsula Volunteers, Inc. which are required to be reported in accordance with 2 CFR section 2005.516(a), shown under Part C of this Schedule.
7. The federal award program tested as a major program included: U.S. Department of Health and Human Services, CFDA Numbers 93.044, 93.045, 93.053.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Peninsula Volunteers, Inc. was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.