

PENINSULA VOLUNTEERS, INC.

INDEPENDENT AUDITORS' REPORT

and

FINANCIAL STATEMENTS

For the Years ended June 30, 2022 and 2021

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 Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Peninsula Volunteers, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our 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* 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 March 31, 2023 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.



STOREK, CARLSON & STRUTZ LLP
March 31, 2023

PENINSULA VOLUNTEERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 842,755	\$ 395,481
Receivables	557,902	536,952
Inventories	13,600	17,684
Prepaid expenses	165,100	38,821
Investments	279,092	242,757
Total current assets	1,858,449	1,231,695
LONG-TERM INVESTMENTS	6,706,531	8,340,124
PROPERTY AND EQUIPMENT, NET	2,874,085	2,977,340
OTHER ASSETS		
Cash restricted for long-term use	211,663	43,998
IMPUTED LEASEHOLD, NET	4,052,114	4,398,482
TOTAL ASSETS	<u>\$ 15,702,842</u>	<u>\$ 16,991,639</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 138,332	\$ 25,894
Accrued payroll expenses	83,260	45,200
Accrued compensated absences	179,294	167,525
Deferred revenue	63,101	44,606
Total current liabilities	463,987	283,225
NET ASSETS:		
Without donor restrictions:		
General	9,799,675	11,070,074
Board-designated - 4% of the average fair value of the Endowment Fund for the previous three years	56,752	53,212
Total net assets without donor restrictions	9,856,427	11,123,286
With donor restrictions	5,382,428	5,585,128
Total net assets	15,238,855	16,708,414
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,702,842</u>	<u>\$ 16,991,639</u>

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues and gains:			
Contributions	\$ 1,276,888	\$ 167,667	\$ 1,444,555
Program fees	749,899	-	749,899
Federal grants	1,063,972	-	1,063,972
Bequests	339,580	-	339,580
Special events	86,543	-	
Less: costs of direct benefits	<u>-</u>	-	86,543
Senior nutrition	73,189	-	73,189
Investment earnings, net	(686,326)	-	(686,326)
Contributed rent	183,631	-	183,631
Other grants and contracts	1,920,214	-	1,920,214
Membership dues	29,931	-	29,931
Other income	53,717	-	53,717
Assets released from restrictions:			
Current year amortization of contributed leasehold asset from City of Menlo Park (Note 5)	<u>370,367</u>	<u>(370,367)</u>	<u>-</u>
Total revenues and gains	<u>5,461,605</u>	<u>(202,700)</u>	<u>5,258,905</u>
Expenses and losses:			
Program services:			
Rosener House	1,567,913	-	1,567,913
Little House	1,074,066	-	1,074,066
Meals on Wheels	2,375,591	-	2,375,591
Nutrition	298,735	-	298,735
Ride PVI	<u>209,472</u>	<u>-</u>	<u>209,472</u>
Total program services	<u>5,525,777</u>	<u>-</u>	<u>5,525,777</u>
Supporting services:			
General and administrative	422,081	-	422,081
Fundraising and membership	<u>780,605</u>	<u>-</u>	<u>780,605</u>
Total supporting services	<u>1,202,686</u>	<u>-</u>	<u>1,202,686</u>
Total expenses and losses	<u>6,728,463</u>	<u>-</u>	<u>6,728,463</u>
CHANGE IN NET ASSETS	(1,266,858)	(202,700)	(1,469,558)
NET ASSETS, BEGINNING OF YEAR	<u>11,123,286</u>	<u>5,585,128</u>	<u>16,708,414</u>
NET ASSETS, END OF YEAR	<u>\$ 9,856,428</u>	<u>\$ 5,382,428</u>	<u>\$ 15,238,856</u>

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues and gains:			
Contributions	\$ 1,684,492	\$ -	\$ 1,684,492
Program fees	125,859	-	125,859
Federal grants	1,316,669	-	1,316,669
Bequests	100,000	-	100,000
Special events	55,960	-	
Less: costs of direct benefits	<u>-</u>	-	55,960
Senior nutrition	175,726	-	175,726
Investment earnings, net	1,392,939	-	1,392,939
Contributed rent	197,444	-	197,444
Other grants and contracts	805,020	-	805,020
Membership dues	58,964	-	58,964
Grant income - PPP loan forgiveness	567,500	-	567,500
Other income	54,075	-	54,075
Assets released from restrictions:			-
Little House game room	50,000	(50,000)	-
Current year amortization of contributed leasehold asset from City of Menlo Park (Note 5)	<u>332,556</u>	<u>(332,556)</u>	<u>-</u>
Total revenues and gains	<u>6,917,204</u>	<u>(382,556)</u>	<u>6,534,648</u>
Expenses and losses:			
Program services:			
Rosener House	1,192,965	-	1,192,965
Little House	965,705	-	965,705
Meals on Wheels	2,252,637	-	2,252,637
Nutrition	159,892	-	159,892
Ride PVI	<u>119,566</u>	<u>-</u>	<u>119,566</u>
Total program services	<u>4,690,765</u>	<u>-</u>	<u>4,690,765</u>
Supporting services:			
General and administrative	277,560	-	277,560
Fundraising and membership	<u>637,667</u>	<u>-</u>	<u>637,667</u>
Total supporting services	<u>915,227</u>	<u>-</u>	<u>915,227</u>
Total expenses and losses	<u>5,605,992</u>	<u>-</u>	<u>5,605,992</u>
CHANGE IN NET ASSETS	1,311,212	(382,556)	928,656
NET ASSETS, BEGINNING OF YEAR	<u>9,812,074</u>	<u>5,967,684</u>	<u>15,779,758</u>
NET ASSETS, END OF YEAR	<u>\$ 11,123,286</u>	<u>\$ 5,585,128</u>	<u>\$ 16,708,414</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, 2022

	Program Services					Supporting Services					
	Rosener House	Little House	Meals on Wheels	Nutrition	Ride PVI	Total Program	General and Administrative	Fundraising and Membership	Total Supporting	Total Expenses	
Salaries, wages and benefits	\$ 1,045,636	\$ 454,093	\$ 1,030,460	\$ 553,032	\$ 122,544	\$ 3,205,765	\$ 172,504	\$ 559,577	\$ 732,081	\$ 3,937,846	
Programs and supplies	16,112	20,968	243,307	551,405	274	832,066	14,734	20,428	35,162	867,228	
Facilities rent expense	155,000	375,000	-	-	-	530,000			-	530,000	
Professional services	64,794	43,081	53,573	22,173	84,087	267,708	186,255	54,744	240,999	508,707	
Telephone and utilities	49,514	52,387	28,584	13,971	1,618	146,074	9,276	11,497	20,773	166,847	
Equipment lease and repairs	49,079	40,831	13,178	30,054	590	133,732	4,855	4,336	9,191	142,923	
Advertising	5,764	208	208	-	-	6,180	2,860	61,605	64,465	70,645	
Printing and postage	2,589	7,775	9,728	-	152	20,244	5,435	38,712	44,147	64,391	
Insurance	11,590	9,570	20,838	4,263	145	46,406	7,422	1,886	9,308	55,714	
Transportation	-		51,546		-	51,546	-	-	-	51,546	
Dues and subscriptions	8,921	143	-	538	-	9,602	9,238	3,755	12,993	22,595	
Special events	-	-	-	-	-	-	-	22,409	22,409	22,409	
Other expenses	715	2,941	1,896	1,252	62	6,866	445	436	881	7,747	
Food service allocation	<u>49,040</u>	<u>-</u>	<u>914,170</u>	<u>(963,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total expenses before depreciation	1,458,754	1,006,997	2,367,488	213,478	209,472	5,256,189	413,024	779,385	1,192,409	6,448,598	
Depreciation	<u>109,159</u>	<u>67,069</u>	<u>8,103</u>	<u>85,257</u>	<u>-</u>	<u>269,588</u>	<u>9,057</u>	<u>1,220</u>	<u>10,277</u>	<u>279,865</u>	
TOTAL EXPENSES	<u>\$ 1,567,913</u>	<u>\$ 1,074,066</u>	<u>\$ 2,375,591</u>	<u>\$ 298,735</u>	<u>\$ 209,472</u>	<u>\$ 5,525,777</u>	<u>\$ 422,081</u>	<u>780,605</u>	<u>1,202,686</u>	<u>6,728,463</u>	
Percent of total expenses	<u>23.3%</u>	<u>16.0%</u>	<u>35.3%</u>	<u>4.4%</u>	<u>3.1%</u>	<u>82.1%</u>	<u>6.3%</u>	<u>11.6%</u>	<u>17.9%</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, 2021

	Program Services					Supporting Services				
	Rosener House	Little House	Meals on Wheels	Nutrition	Ride PVI	Total Program	General and Administrative	Fundraising and Membership	Total Supporting	Total Expenses
Salaries, wages and benefits	\$ 781,891	\$ 341,222	\$ 896,146	\$ 464,246	\$ 82,673	\$ 2,566,178	\$ 130,543	\$ 468,940	\$ 599,483	\$ 3,165,661
Facilities rent expense	155,000	375,000	-	-	-	530,000	-	-	-	530,000
Programs and supplies	6,597	7,713	237,729	547,890	-	799,929	2,170	6,637	8,807	808,736
Professional services	31,468	69,606	38,772	17,949	36,577	194,373	96,689	21,977	118,666	313,039
Telephone and utilities	33,369	43,555	19,557	12,375	-	108,857	32,425	5,671	38,096	146,953
Equipment lease and repairs	25,219	44,665	13,104	53,075	305	136,367	-	3,195	3,195	139,562
Printing and postage	1,085	2,316	9,055	1	-	12,457	1,302	43,502	44,804	57,261
Insurance	12,312	9,299	24,835	5,580	11	52,037	2,707	1,900	4,607	56,644
Advertising	2,246	3,086	7,046	-	-	12,377	-	21,211	21,211	33,588
Transportation	259	12	32,425	5,792	-	38,489	22	-	22	38,511
Bad debt expense	24,941	-	-	-	-	24,941	-	-	-	24,941
Special events	-	-	-	-	-	-	-	11,506	11,506	11,506
Dues and subscriptions	4,434	644	1,061	369	-	6,509	-	1,647	1,647	8,156
Other expenses	481	3,816	1,281	400	-	5,979	-	50	50	6,029
Food service allocation	-	-	965,320	(965,320)	-	-	-	-	-	-
Total expenses before depreciation	1,079,303	900,934	2,246,331	142,358	119,566	4,488,492	265,858	586,236	852,094	5,340,586
Depreciation	113,662	64,771	6,306	17,534	-	202,273	11,702	51,431	63,133	265,406
TOTAL EXPENSES	<u>\$ 1,192,965</u>	<u>\$ 965,705</u>	<u>\$ 2,252,637</u>	<u>\$ 159,892</u>	<u>\$ 119,566</u>	<u>\$ 4,690,765</u>	<u>\$ 277,560</u>	<u>637,667</u>	<u>915,227</u>	<u>5,605,992</u>
Percent of total expenses	<u>21.3%</u>	<u>17.2%</u>	<u>40.2%</u>	<u>2.9%</u>	<u>2.1%</u>	<u>83.7%</u>	<u>5.0%</u>	<u>11.3%</u>	<u>16.3%</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flow (to) from operating activities:		
Increase (decrease) in net assets	\$ (1,469,558)	\$ 928,656
Adjustments to reconcile change in net assets to net cash from (to) operating activities:		
Depreciation	279,865	265,404
Amortization of imputed leasehold	346,368	332,556
Realized and unrealized (gains) losses	943,456	(1,303,111)
PPP loan forgiven	-	(567,500)
Changes in assets and liabilities:		
Receivables	(20,950)	(57,066)
Prepaid expenses	(126,279)	50,845
Inventories	4,083	2,273
Accounts payable	112,438	22,565
Accrued liabilities and deferred revenue	68,323	(47,085)
Net cash flow (to) from operating activities	<u>137,747</u>	<u>(372,463)</u>
Cash flow (to) from investing activities:		
Acquisition of property and equipment	(176,691)	(115,791)
Proceeds from the sale of property and equipment	81	-
Proceeds from sale of investments	989,129	99,318
Purchases of investments	<u>(335,326)</u>	<u>(1,050,876)</u>
Net cash flow (to) from investing activities	<u>477,193</u>	<u>(1,067,349)</u>
Cash flow (to) from financing activities:	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	614,940	(1,439,812)
Cash and cash equivalents, and restricted cash at beginning of year	<u>439,479</u>	<u>1,879,291</u>
Cash and cash equivalents, and restricted cash at end of year	<u>\$ 1,054,418</u>	<u>\$ 439,479</u>

SUPPLEMENTAL INFORMATION:

Cash and cash equivalents as of June 30, 2022 and 2021 included restricted cash of \$211,663 and \$43,998, respectively.

Non cash operating activities:

In 2022 and 2021, 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 2022 and 2021, 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, 2022 and 2021.

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

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 five 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.
5. Ride PVI - Peninsula Volunteers, Inc. provides a concierge service using rideshare companies to help seniors in the community arrange rides from their homes to Little House, doctors and dentists, grocery stores and pharmacies etc.

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 continues to follow 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 (Note 13).

Without donor restrictions: Includes net assets that are subject to self-imposed limits by action of the governing board. Board-designated net 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, 2022 AND 2021

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) PVI continues to follow Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-13, Fair Value Measurement, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASU 2018-13 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Other inputs that are directly or indirectly observable in the marketplace.

Level 3: Unobservable inputs that are supported by little or no market activity.

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, 2022 and 2021.

(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 1 for the years ended June 30, 2022 and 2021 with the exception of its imputed leasehold asset, which approximates fair value under Level 3 for the years ended June 30, 2022 and 2021.

(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 2022 and 2021, 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 2020 through 2022 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes, and fiscal years ended 2019 through 2022 tax years remain subject to examination by state tax authority.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2022 AND 2021

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, 2022 and 2021 was \$70,645 and \$33,588, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Grants and contracts receivable	\$ 557,902	\$ 536,952
	<u>\$ 557,902</u>	<u>\$ 536,952</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 the year. As of June 30, 2022 and 2021, PVI determined that no allowance for doubtful accounts was necessary.

NOTE 3 - INVESTMENTS, INCLUDING ENDOWMENT FUND

PVI's investments on June 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
60-month certificate of deposit	\$ 89,640	\$ 100,767
Balance funds	1,082,391	1,325,430
Mutual funds		
Equity funds:		
Large Cap funds	2,104,164	2,649,000
International Developed Markets	1,757,566	2,318,597
Fixed income funds		
Corporate short/intermediate bond funds	1,634,400	1,851,052
US Treasury and government bond funds	<u>317,462</u>	<u>338,035</u>
Total mutual funds:	<u>6,895,983</u>	<u>8,482,114</u>
Total investments	6,985,623	8,582,881
Less current portion	<u>279,092</u>	<u>242,757</u>
Long term investments	<u>\$ 6,706,531</u>	<u>\$ 8,340,124</u>

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2022 AND 2021

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 \$658,802 and \$341,754 within the brokerage accounts are reported as cash in the accompanying financial statements as of June 30, 2022 and 2021, respectively.

PVI's investment returns are as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 111,164	\$ 112,917
Net realized and unrealized gains and losses	(778,742)	1,303,111
Investment management fees	(18,748)	(23,089)
	<u>\$ (686,326)</u>	<u>\$ 1,392,939</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property, equipment and accumulated depreciation are comprised of the following amounts on June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Little House		
Improvements	2,558,537	\$ 2,495,131
Furniture and equipment	669,941	644,730
	<u>3,228,477</u>	<u>3,139,861</u>
Rosener House		
Building	3,940,776	3,940,776
Improvements	354,611	344,841
Furniture and equipment	408,624	394,224
	<u>4,704,011</u>	<u>4,679,841</u>
Meals on Wheels:		
Improvements	86,464	86,464
Furniture and equipment	272,160	272,160
	<u>358,624</u>	<u>358,624</u>
Administrative:		
Improvements	18,429	8,272
Furniture and equipment	422,898	369,232
	<u>441,327</u>	<u>377,504</u>
Total property and equipment at cost	8,732,439	8,555,830
Less accumulated depreciation	5,858,354	5,578,490
Total property and equipment, net	<u>\$ 2,874,085</u>	<u>\$ 2,977,340</u>

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2022 AND 2021

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, 2022 and 2021, which approximate fair value under Level 3 of the three-level hierarchy described in Note 1(g), on a recurring basis, are as follows:

	(Level 3)	
	2022	2021
Prior fiscal year-end balance	\$ 4,398,482	\$ 4,731,038
Amortization for the year	(346,368)	(332,556)
Current fiscal year-end balance	<u>\$ 4,052,114</u>	<u>\$ 4,398,482</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 \$183,631 and rent expense was \$530,000 for 2022 (\$197,444 and rent expense was \$530,000 for 2021.)

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, 2022, Peninsula Volunteers, Inc. had entered into various noncancelable operating lease agreements for the rental of office equipment. Minimum annual rentals are approximately \$24,000 in fiscal 2023 and \$12,000 in fiscal 2024.

Operating lease expenses were \$42,956 and \$27,241 for the years ended June 30, 2022 and 2021, respectively.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2022 AND 2021

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; PVI has historically placed its cash and cash equivalents in quality financial institutions and management believed no significant credit risk exists with respect to these accounts. See additional information for subsequent events at Note 16.

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 age 21 or older and have completed one 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 age 21 or older and have completed three months of service. Matching contributions were \$52,166 and \$51,262 for the fiscal years ended June 30, 2022 and 2021, 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 \$3,700 - \$4,200 per month at the fiscal year end to PVI for the time spent by PVI's management and staff on PVP affairs. During 2022, PVI also made transportation arrangement for PVP residents, PVI rebilled PVP for these costs plus \$500 administrative fee each month. PVI's related party service income total was \$67,069 and \$48,827 for the years ended June 30, 2022 and 2021, respectively. There were no outstanding receivable balances from PVP as of both June 30, 2022 and 2021.

NOTE 10 - DONATED SERVICES, SUPPLIES 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, 2022 and 2021, the following in-kind contributions were received by PVI, and are included in contributions on the statements of activities:

	<u>2022</u>	<u>2021</u>
Food from Second Harvest Food Bank, primarily for home-delivered meals	\$ 163,902	\$ 163,332
Pro bono legal services related to general employment regulations	-	2,362
	<u>\$ 163,902</u>	<u>\$ 165,694</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 26,159 hours and 27,800 hours of donated services from unpaid volunteers assisting in various program and support activities for of the years ended June 30, 2022 and 2021, 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, 2022 AND 2021

NOTE 11 - ENDOWMENT FUND

As approved by the Board of Directors, PVI's Endowment Fund, established in fiscal 2007, is managed by 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 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 its 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. Due to Covid shutdowns from March 2020 through June 2021, there were very limited activities at Rosener House and therefore no such awards given out for the fiscal year ended June 30, 2021.

(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's management is willing to accept a moderate level of principal volatility and understands the risks associated with investing in stocks and bonds, including potential loss of capital.

(d) Endowment Net Asset Composition by Type of Fund (included in long term investments in the statements of financial position) as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</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, 2022 AND 2021

NOTE 11 - ENDOWMENT FUND (continued)

(e) Changes in Endowment net assets (included with the investments disclosure in Note 3 for the years ended June 30, 2022 and 2021:)

	<u>2022</u>	<u>2021</u>
Investment return:		
Interest and dividends	\$ 23,024	\$ 22,525
Net realized and unrealized change in value	(155,730)	258,264
Investment management fees	<u>(4,548)</u>	<u>(4,668)</u>
Total investment return	(137,254)	276,121
Permanently-restricted donor contributions	-	-
Endowment earnings available for use in PVI's operations	<u>137,254</u>	<u>(276,121)</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><u>\$ 1,118,651</u></u>	<u><u>\$ 1,118,651</u></u>

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS & RESTRICTED CASH

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

	<u>2022</u>	<u>2021</u>
Imputed leasehold	\$ 4,052,114	\$ 4,398,482
Endowment fund principal	1,118,651	1,118,651
Roslyn G. Morris Memorial Fund	43,998	67,996
Meals on Wheel - Van	29,000	-
Gala event	<u>138,665</u>	<u>-</u>
	<u><u>\$ 5,382,428</u></u>	<u><u>\$ 5,585,128</u></u>

Cash and cash equivalents, and restricted cash as of June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 842,755	\$ 395,481
Restricted cash	<u>211,663</u>	<u>43,998</u>
Total cash, cash equivalents, and restricted cash. as reported in the statement of cash flows	<u><u>\$ 1,054,418</u></u>	<u><u>\$ 439,479</u></u>

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

In accordance with ASU 2016-14, management is required to disclose the liquidity management of a nonprofit organization. PVI's policy is to structure its financial assets to be available for general expenditures, liabilities, and other obligations that 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 reports 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 may be adjusted upon board's approval.

Certificates of deposit totaling \$89,640 are included in long-term investments as of June 30, 2022.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2022 AND 2021

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The following describes PVI's financial assets that are available within one year of June 30, 2022 to fund general expenditures:

Financial assets	
Cash and cash equivalents	\$ 1,054,418
Receivables	557,902
Short term investments	279,092
Long-term investments	<u>6,706,531</u>
Total financial assets	8,597,943
Less amounts unavailable for general expenditure within one year:	
Donor-restricted to expenditures in future years	(211,663)
Donor-restricted to maintain as endowment principal	(1,118,651)
Board-designated investments for long-term needs	<u>(5,587,880)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,679,749</u>

NOTE 14 - REVENUE RECOGNITION

PVI continues to follow Financial Accounting Standards Board Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, on 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.

PVI also continues to follow ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the Update). This requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue. Absent any imposed condition, a contribution is recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. PVI received no conditional contributions in 2022 or 2021. All contributions and grants were recognized as revenue when received other than those were exchanged transactions.

NOTE 15 - PAYCHECK PROTECTION PROGRAM

On April 24, 2020, PVI received 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, serviced by Boston Private Bank under the guidelines of the Small Business Administration (SBA,) was forgiven in full by the SBA on July 2, 2021. PVI has reported the forgiven loan as grant income in the Statement of Activities for the year ended June 30, 2021.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2022 AND 2021

NOTE 16 - SUBSEQUENT EVENTS

On Friday, March 10, 2023, the California Department of Financial Protection and Innovation seized Silicon Valley Bank (SVB) and placed it under the receivership of the Federal Deposit Insurance Corporation (FDIC.) PVI's general operating cash was held at SVB. On Monday, March 13, 2023, the FDIC received authority from the United States Treasury to reopen SVB as a newly organized bridge bank, and depositors, including PVI, were able to withdraw their funds from SVB. While PVI did not suffer any losses from SVB collapse, management evaluated the situation and acted immediately to mitigate transactions that might be immediately at risk. PVI quickly established new accounts with a major national bank, and is working to address ongoing and potential future risk of uninsured deposits, including plans to deposit additional funds at another major national bank.

PVI's management has evaluated subsequent events and transactions through March 31, 2023, 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, 2022 have not been adjusted for the impact of this matter.

SUPPLEMENTAL INFORMATION

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass Through Grantor/Program	C DFA/Assistance Listing Number	Pass-through Entity Identifying Number	State Expenditures	Federal Expenditures
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-FY22-	\$ 535,963	\$ 692,117
<i>Special Programs for the Aging: Grants for Supporting Services and Senior Centers</i>				
Adult Day Care Program	93.044	57000-FY22-	-	109,655
Adult Day Care - Transportation	93.044	57000-FY22-	-	20,728
<i>Nutrition Services Incentive Program</i>				
Meals on Wheels - Seniors	93.053	R078255S.A1	-	122,216
		<i>Subtotal - Aging Cluster</i>	<u>535,963</u>	<u>944,716</u>
Total U.S. Department of Health and Human Services			<u>535,963</u>	<u>944,716</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>67,378</u>
Total U.S. Department of Veterans Affairs				<u>67,378</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	79000-21-D016		<u>30,429</u>
		<i>Subtotal - CDBG Entitlement Grants Cluster</i>		<u>30,429</u>
Total U.S. Department of Housing and Urban Development				<u>30,429</u>
U.S. Department of Agriculture				
Received through Second Harvest Food Bank of Santa Clara and San Mateo Counties as donated food - Food Distribution Cluster				
<i>Emergency Food Assistance Program (Food Commodities)</i>	10.569	N/A		<u>11,449</u>
		<i>Subtotal - Food Distribution Cluster</i>		<u>11,449</u>
Total U.S. Department of Agriculture				<u>11,449</u>
Federal Emergency Management Administration				
Emergency Food and Shelter Program				
<i>Received through United Way Worldwide</i>	97.024	N/A		<u>10,000</u>
		<i>Subtotal - Emergency Food and Shelter Program</i>		<u>10,000</u>
Total Federal Emergency Management Administration				<u>10,000</u>
Total Expenditures of Federal Awards				<u>\$ 1,063,972</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Peninsula Volunteers, Inc. under programs of the federal government for the year ended June 30, 2022. 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 Peninsula Volunteers, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of 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 were no indirect costs included in the budget for its federal programs for the year ended June 30, 2022.



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.

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, 2022, 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 31, 2023.

Report on 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

Report on 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*.

Peninsula Volunteers, Inc. Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Peninsula Volunteer's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Peninsula Volunteers, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.



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 and 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
March 31, 2023



**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.

Report on Compliance for Each Major Federal Program

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Peninsula Volunteers, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Peninsula Volunteers, Inc.'s compliance with the compliance requirement referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit Compliance

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



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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material noncompliance, whether due to fraud or error, and design, and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Peninsula Volunteers, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Obtain an understanding of Peninsula Volunteers, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Peninsula Volunteers, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Campbell, CA
March 31, 2023

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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. Significant deficiencies and material weakness 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 200.516(a), shown under Part C of this Schedule.
7. The federal award programs tested as major programs included: U.S. Department of Health and Human Services, CFDA/Assistance Listing 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 high-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2022-001 Perform revenue reconciliation regularly

<i>Condition:</i>	Cash to accrual revenue reconciliation is not done in a regular basis.
<i>Criteria:</i>	Internal controls should be in place to reconcile revenue amount on income statement to deposits received on a regular and timely basis.
<i>Cause:</i>	Only done annually per auditors' request.
<i>Effect:</i>	Discrepancies would not be investigated timely, which increases fraud risk.
<i>Recommendation:</i>	Procedures should be implemented to include such reconciliation as part of month-end close process.
<i>Views of Responsible Officials and Planned Corrective Actions:</i>	Discussed with Director of Finance and Administration. PVI will train current accounting team to incorporate this reconciliation into month-end close.

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

2022-002 Recording of exchange transactions

Condition: Full value of Gala sponsor was treated as deferred revenue.

Criteria: Only amount related to reciprocal transfers should be deferred, rest are recognized as either unrestricted or restricted revenue in the period received.

Cause: Lack of accounting procedures to handle these transactions when they happen only infrequently.

Effect: Affects timing of revenue recognition.

Recommendation: Educate accounting team and establish procedures to handle these transactions properly in the future.

Views of Responsible Officials and Planned Corrective Actions: Director of Finance and Administration agrees with the finding and the recommended procedures are being implemented.

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

None

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

See separate report page.

PENINSULA VOLUNTEERS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

FINDINGS - FINANCIAL STATEMENTS AUDIT

2021-001 Personnel records

Condition: 5 of out 26 employees tested did not have I-9s on file; one I-9 was not properly signed by employer.

Recommendation: Procedures should be implemented to ensure basic personnel file documents are properly completed.

Current Status: Internal controls were adopted in November 2022. PVI asked active employees with missing I-9s from prior audit to complete a current form for replacement. Current audit found 1 missing I-9 for a terminated employee so no replacement could be made. PVI now uses E-Verify system which requires an I-9 on file prior to moving forward with hiring process.

2021-002 Bank reconciliations and month-end close were not performed timely.

Condition: Substantial delay in closing the books and reconciling bank accounts.

Recommendation: Evaluate number of employees required in order to be able to produce financial information timely and hire personnel accordingly.

Current Status: Delay in prior fiscal year close caused substantial delay in audit and ultimately the submittal of Data Collection Report to the Federal Clearing House for the FY0621 audit was late. F0622 books were closed much sooner than prior fiscal year despite it was still later than in the past. The new Director of Finance and Administration has hired professional and administrative staff and designed procedures to implement and execute the soft close of monthly financial activity in order to be prepared for a more efficient and accurate year end process going forward.