

PENINSULA VOLUNTEERS, INC.

INDEPENDENT AUDITORS' REPORT

and

FINANCIAL STATEMENTS

For the Years ended June 30, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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.



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CERTIFIED PUBLIC ACCOUNTANTS & TRUSTED BUSINESS ADVISORS

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 October 24, 2024 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

Campbell, CA

October 24, 2024

PENINSULA VOLUNTEERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,364,708	\$ 705,504
Receivables	557,094	574,212
Inventories	19,098	21,418
Prepaid expenses	181,328	124,568
Investments	<u>302,042</u>	<u>291,956</u>
Total current assets	2,424,270	1,717,658
LONG-TERM INVESTMENTS	7,003,048	6,792,712
PROPERTY AND EQUIPMENT, NET	2,572,314	2,683,338
RIGHT-OF-USE ASSETS, OPERATING LEASE	103,926	129,447
IMPUTED LEASEHOLD, NET	<u>3,315,578</u>	<u>3,691,347</u>
TOTAL ASSETS	<u>\$ 15,419,136</u>	<u>\$ 15,014,502</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 146,747	\$ 175,171
Accrued payroll expenses	87,046	112,003
Accrued compensated absences	188,851	147,788
Operating lease liability - current	28,124	26,053
Deferred revenue	<u>145,204</u>	<u>38,499</u>
Total current liabilities	<u>595,972</u>	<u>499,514</u>
LONG-TERM LIABILITIES		
Operating lease liability - noncurrent	<u>81,418</u>	<u>109,542</u>
Total long-term liabilities	<u>81,418</u>	<u>109,542</u>
Total liabilities	<u>677,390</u>	<u>609,056</u>
NET ASSETS:		
Without donor restrictions:		
General	10,237,232	9,525,182
Board-designated - 4% of the average fair value of the		
Endowment Fund for the previous three years	<u>70,284</u>	<u>70,265</u>
Total net assets without donor restrictions	10,307,516	9,595,447
With donor restrictions	<u>4,434,230</u>	<u>4,809,999</u>
Total net assets	<u>14,741,746</u>	<u>14,405,446</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,419,136</u>	<u>\$ 15,014,502</u>

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues and gains:			
Contributions	\$ 1,369,572	\$ -	\$ 1,369,572
Program fees	1,604,999	-	1,604,999
Federal grants	972,555	-	972,555
Special events	762,818	-	
Less: costs of direct benefits	<u>(330,039)</u>	-	432,779
Senior nutrition	119,419	-	119,419
Investment earnings, net	779,252	-	779,252
Contributed rent	154,231	-	154,231
Bequest	1,050,408	-	1,050,408
Other grants and contracts	1,560,904	-	1,560,904
Membership dues	24,100	-	24,100
Other income	133,923	-	133,923
Assets released from restrictions:			
Current year amortization of contributed leasehold asset from City of Menlo Park (Note 5)	<u>375,769</u>	<u>(375,769)</u>	<u>-</u>
Total revenues and gains	<u>8,577,911</u>	<u>(375,769)</u>	<u>8,202,142</u>
Expenses and losses:			
Program services:			
Rosener House	2,134,586	-	2,134,586
Little House	1,361,001	-	1,361,001
Meals on Wheels	1,862,616	-	1,862,616
Nutrition	598,025	-	598,025
Ride PVI	<u>396,486</u>	<u>-</u>	<u>396,486</u>
Total program services	<u>6,352,714</u>	<u>-</u>	<u>6,352,714</u>
Supporting services:			
General and administrative	863,970	-	863,970
Fundraising and membership	<u>649,157</u>	<u>-</u>	<u>649,157</u>
Total supporting services	<u>1,513,127</u>	<u>-</u>	<u>1,513,127</u>
Total expenses and losses	<u>7,865,841</u>	<u>-</u>	<u>7,865,841</u>
CHANGE IN NET ASSETS	712,070	(375,769)	336,301
NET ASSETS, BEGINNING OF YEAR	<u>9,595,447</u>	<u>4,809,999</u>	<u>14,405,446</u>
NET ASSETS, END OF YEAR	<u>\$ 10,307,517</u>	<u>\$ 4,434,230</u>	<u>\$ 14,741,746</u>

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

PENINSULA VOLUNTEERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues and gains:			
Contributions	\$ 1,101,146	\$ -	\$ 1,101,146
Program fees	1,209,660	-	1,209,660
Federal grants	1,191,668	-	1,191,668
Special events	1,192,848	-	
Less: costs of direct benefits	<u>(498,548)</u>	-	694,300
Senior nutrition	97,491	-	97,491
Investment earnings, net	666,940	-	666,940
Contributed rent	169,234	-	169,234
Other grants and contracts	1,614,231	-	1,614,231
Membership dues	24,025	-	24,025
Other income	85,095	-	85,095
Assets released from restrictions:			
Gala Event	138,666	(138,666)	-
Morris Fund	43,998	(43,998)	-
MOW Van	29,000	(29,000)	-
Current year amortization of contributed leasehold asset from City of Menlo Park (Note 5)	<u>360,765</u>	<u>(360,765)</u>	<u>-</u>
Total revenues and gains	<u>7,426,220</u>	<u>(572,429)</u>	<u>6,853,791</u>
Expenses and losses:			
Program services:			
Rosener House	1,835,533	-	1,835,533
Little House	1,354,649	-	1,354,649
Meals on Wheels	2,319,488	-	2,319,488
Nutrition	308,669	-	308,669
Ride PVI	<u>382,390</u>	<u>-</u>	<u>382,390</u>
Total program services	<u>6,200,728</u>	<u>-</u>	<u>6,200,728</u>
Supporting services:			
General and administrative	648,743	-	648,743
Fundraising and membership	<u>837,730</u>	<u>-</u>	<u>837,730</u>
Total supporting services	<u>1,486,473</u>	<u>-</u>	<u>1,486,473</u>
Total expenses and losses	<u>7,687,201</u>	<u>-</u>	<u>7,687,201</u>
CHANGE IN NET ASSETS	(260,981)	(572,429)	(833,410)
NET ASSETS, BEGINNING OF YEAR	<u>9,856,428</u>	<u>5,382,428</u>	<u>15,238,856</u>
NET ASSETS, END OF YEAR	<u>\$ 9,595,447</u>	<u>\$ 4,809,999</u>	<u>\$ 14,405,446</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, 2024

	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	\$ 1,422,296	\$ 556,437	\$ 915,536	\$ 446,047	\$ 112,193	\$ 3,452,509	\$ 664,344	\$ 426,911	\$ 1,091,255	\$ 4,543,764
Programs and supplies	26,172	71,775	76,386	804,882	3,969	983,184	10,171	9,909	20,080	1,003,264
Facilities rent expense	155,000	375,000	-	-	-	530,000	-	-	-	530,000
Professional services	108,994	29,706	32,906	3,994	207,928	383,528	132,765	50,542	183,307	566,835
Special events	-	-	-	-	-	-	-	242,609	242,609	242,609
Telephone and utilities	64,077	71,255	36,411	15,724	2,186	189,653	17,080	12,052	29,132	218,785
Equipment lease and repairs	50,572	31,618	18,355	35,086	1,241	136,872	9,137	6,413	15,550	152,422
Advertising & marketing	68,481	70,310	70,434	-	67,044	276,269	4	(139,247)	(139,243)	137,026
Transportation	31,435	22	37,130	257	76	68,920	663	22	685	69,605
Insurance	14,018	12,714	22,891	3,775	616	54,014	5,193	2,816	8,009	62,023
Printing and postage	6,357	3,295	14,202	208	843	24,905	5,317	26,838	32,155	57,060
Dues and subscriptions	2,160	1,508	3,845	255	59	7,827	2,772	1,129	3,901	11,728
Security	6,196	1,237	570	311	22	8,336	209	222	431	8,767
Business licenses and permits	454	359	-	66	-	879	1,289	30	1,319	2,198
Food service allocation	64,294	54,385	615,292	(733,971)	-	-	-	-	-	-
Total expenses before depreciation	2,020,506	1,279,621	1,843,958	576,634	396,177	6,116,896	848,944	640,246	1,489,190	7,606,087
Depreciation	114,079	81,380	18,658	21,391	309	235,817	15,026	8,911	23,937	259,754
TOTAL EXPENSES	\$ 2,134,586	\$ 1,361,001	\$ 1,862,616	\$ 598,025	\$ 396,486	\$ 6,352,714	\$ 863,970	\$ 649,157	\$ 1,513,127	\$ 7,865,841
Percent of total expenses	<u>27.1%</u>	<u>17.3%</u>	<u>23.7%</u>	<u>7.6%</u>	<u>5.0%</u>	<u>80.8%</u>	<u>11.0%</u>	<u>8.3%</u>	<u>19.2%</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, 2023

	<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>Ride PVI</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	\$ 1,192,222	\$ 553,723	\$ 1,119,439	\$ 480,370	\$ 123,406	\$ 3,469,160	\$ 317,164	\$ 633,762	\$ 950,926	\$ 4,420,086
Programs and supplies	19,455	103,032	151,839	583,582	590	858,498	27,901	9,416	37,317	895,815
Special events	-	-	-	-	-	-	-	251,004	251,004	251,004
Professional services	87,566	21,725	10,386	3,174	182,988	305,839	219,745	59,305	279,050	584,889
Facilities rent expense	155,000	375,000	-	-	-	530,000	-	-	-	530,000
Telephone and utilities	67,804	75,878	41,434	17,816	2,467	205,399	20,016	15,961	35,977	241,376
Equipment lease and repairs	48,874	46,185	20,355	42,435	1,206	159,055	18,662	6,973	25,635	184,690
Advertising	70,518	72,198	70,518	-	70,518	283,752	-	(187,874)	(187,874)	95,878
Printing and postage	2,646	9,862	15,513	1,274	176	29,471	3,784	35,535	39,319	68,790
Insurance	23,134	12,435	20,670	3,460	474	60,173	8,827	2,456	11,283	71,456
Transportation	625	470	46,740	1,202	-	49,037	204	215	419	49,456
Dues and subscriptions	1,132	2,002	7,268	-	-	10,402	8,443	366	8,809	19,211
Security	9,670	2,521	718	389	29	13,327	916	276	1,192	14,519
Business licenses and permits	454	-	-	-	269	723	868	30	898	1,621
Food service allocation	42,445	-	806,446	(848,891)	-	-	-	-	-	-
Total expenses before depreciation	1,721,545	1,275,031	2,311,326	284,811	382,123	5,974,836	626,530	827,425	1,453,955	7,428,791
Depreciation	113,988	79,618	8,162	23,858	267	225,892	22,213	10,305	32,518	258,410
TOTAL EXPENSES	<u>\$ 1,835,533</u>	<u>\$ 1,354,649</u>	<u>\$ 2,319,488</u>	<u>\$ 308,669</u>	<u>\$ 382,390</u>	<u>\$ 6,200,728</u>	<u>\$ 648,743</u>	<u>\$ 837,730</u>	<u>\$ 1,486,473</u>	<u>\$ 7,687,201</u>
Percent of total expenses	<u>23.9%</u>	<u>17.6%</u>	<u>30.2%</u>	<u>3.9%</u>	<u>5.0%</u>	<u>80.7%</u>	<u>8.4%</u>	<u>10.9%</u>	<u>19.3%</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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flow (to) from operating activities:		
Increase (decrease) in net assets	\$ 336,301	\$ (833,410)
Adjustments to reconcile change in net assets to net cash from (to) operating activities:		
Depreciation	259,754	258,410
Amortization of imputed leasehold	375,770	360,766
Realized and unrealized (gains) losses	(597,239)	(413,189)
Right-of-use operating lease amortization	25,521	13,863
Changes in assets and liabilities:		
Receivables	17,118	(16,310)
Prepaid expenses	(56,761)	40,532
Inventories	2,321	(7,818)
Operating lease asset	-	(143,310)
Accounts payable	(28,423)	36,839
Accrued liabilities and deferred revenue	122,808	(27,364)
Operating lease liability	(26,053)	135,595
Net cash flow (to) from operating activities	<u>431,118</u>	<u>(595,395)</u>
Cash flow (to) from investing activities:		
Acquisition of property and equipment	(148,731)	(67,663)
Proceeds from matured certificate of deposit	-	89,640
Purchase of investments, including reinvestment of dividends	(995,250)	-
Proceeds from sale of investments	<u>1,372,067</u>	<u>224,504</u>
Net cash flow (to) from investing activities	<u>228,086</u>	<u>246,481</u>
Cash flow (to) from financing activities:	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	659,204	(348,914)
Cash and cash equivalents, and restricted cash at beginning of year	<u>705,504</u>	<u>1,054,418</u>
Cash and cash equivalents, and restricted cash at end of year	<u>\$ 1,364,708</u>	<u>\$ 705,504</u>

SUPPLEMENTAL INFORMATION:

Cash and cash equivalents as of June 30, 2024 and 2023 included restricted cash of \$0 and \$0, respectively.

Non cash operating activities:

In 2024 and 2023, 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 2024 and 2023, 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, 2024 and 2023.

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

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 8.

(b) PVI continues to follow FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* in its financial presentation, as follows:

The permanently restricted and temporarily restricted net asset classes were renamed as net assets with donor restrictions.

The unrestricted net asset class were renamed as net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources (Note 12).

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 are classified as being with or without donor restriction depending on the nature of any restrictions imposed by the donors. 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, 2024 AND 2023

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, 2024 and 2023.

(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, 2024 and 2023 with the exception of its imputed leasehold asset, which approximates fair value under Level 3 for the years ended June 30, 2024 and 2023.

(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 2024 and 2023, 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 2022 through 2024 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes, and fiscal years ended 2021 through 2024 tax years remain subject to examination by state tax authority.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2024 AND 2023

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) The costs 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, 2024 and 2023 was \$137,026 and \$95,878, 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Grants and contracts receivable	\$ 503,816	\$ 574,212
Receivables from Peninsula Volunteer Properties, Inc.	<u>53,278</u>	<u>-</u>
	<u>\$ 557,094</u>	<u>\$ 574,212</u>

An allowance for credit losses is an estimate based upon historical write-off trends, facts about current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Account balances are charged off against the allowance when recovery efforts cease. As of June 30, 2024 and 2023, PVI determined that the amount of potential credit losses was immaterial and no that allowance for credit losses was necessary.

NOTE 3 - INVESTMENTS, INCLUDING ENDOWMENT FUND

PVI's investments on June 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
Balance funds	\$ 1,121,033	\$ 1,049,195
Mutual funds		
Equity funds:		
Large Cap funds	2,337,494	2,238,240
International Developed Markets	1,930,376	2,014,999
Fixed income funds		
Corporate short/intermediate bond funds	1,602,778	1,498,068
US Treasury and government bond funds	<u>313,410</u>	<u>284,166</u>
Total mutual funds:	<u>7,305,090</u>	<u>7,084,668</u>
Total investments	7,305,090	7,084,668
Less current portion	<u>302,042</u>	<u>291,956</u>
Long term investments	<u>\$ 7,003,048</u>	<u>\$ 6,792,712</u>

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2024 AND 2023

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 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 \$543,106 and \$303,450 within the brokerage accounts are reported as cash in the accompanying financial statements as of June 30, 2024 and 2023, respectively.

PVI's investment returns are as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 201,336	\$ 178,184
Net realized and unrealized gains and losses	597,239	503,574
Investment management fees	<u>(19,323)</u>	<u>(14,818)</u>
	<u>\$ 779,252</u>	<u>\$ 666,940</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property, equipment and accumulated depreciation are comprised of the following amounts on June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Little House		
Improvements	2,673,901	\$ 2,558,438
Furniture and equipment	<u>701,279</u>	<u>689,178</u>
	<u>3,375,180</u>	<u>3,247,616</u>
Rosener House		
Building	3,951,317	3,940,776
Improvements	370,793	370,793
Furniture and equipment	<u>414,241</u>	<u>408,624</u>
	<u>4,736,351</u>	<u>4,720,193</u>
Meals on Wheels:		
Improvements	86,464	86,464
Furniture and equipment	<u>207,671</u>	<u>302,004</u>
	<u>294,135</u>	<u>388,468</u>
Administrative:		
Improvements	18,429	18,429
Furniture and equipment	<u>426,629</u>	<u>425,396</u>
	<u>445,058</u>	<u>443,825</u>
Total property and equipment at cost	8,850,723	8,800,102
Less accumulated depreciation	<u>6,278,409</u>	<u>6,116,764</u>
Total property and equipment, net	<u>\$ 2,572,314</u>	<u>\$ 2,683,338</u>

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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)	
	2024	2023
Prior fiscal year-end balance	\$ 3,691,347	\$ 4,052,114
Amortization for the year	(375,769)	(360,767)
Current fiscal year-end balance	<u>\$ 3,315,578</u>	<u>\$ 3,691,347</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 \$154,231 and rent expense was \$530,000 for 2024 (\$169,234 and rent expense was \$530,000 for 2023.)

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2024 AND 2023

NOTE 6 - 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 a financial 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 has historically placed its cash and cash equivalents in quality financial institutions and management believes there is no significant credit risk exists with respect to these accounts.

NOTE 7 - 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 \$46,090 and \$57,354 for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 8 - 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 \$9,000 - \$10,500 per month to PVI for the time spent by PVI's management and staff on PVP affairs. PVI also rebills PVP for Little House membership for its residents. Starting 2023, PVI also made transportation arrangements for PVP residents, PVI rebilled PVP for these costs plus \$5 administrative fee per ride. PVI's related party transactions totaled \$274,791 and \$167,570 for the years ended June 30, 2024 and 2023, respectively. Outstanding receivable balances from PVP as of June 30, 2024 and 2023 were \$53,278 and \$0, respectively.

NOTE 9 - 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, 2024 and 2023, the following in-kind contributions were received by PVI, and are included in contributions on the statements of activities:

	<u>2024</u>	<u>2023</u>
Food from Second Harvest Food Bank, primarily for home-delivered meals	\$ 599,706	\$ 378,359

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 24,240 hours and 17,116 hours of donated services from unpaid volunteers assisting in various program and support activities for of the years ended June 30, 2024 and 2023, 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, 2024 AND 2023

NOTE 10 - 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. Distributions were made in accordance with the donors' wishes through June 2024.

(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, 2024 and 2023:

	<u>2024</u>	<u>2023</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, 2024 AND 2023

NOTE 10 - ENDOWMENT FUND (continued)

(e) Changes in Endowment net assets (included with the investments disclosure in Note 3 for the years ended June 30, 2024 and 2023):

	<u>2024</u>	<u>2023</u>
Investment return:		
Interest and dividends	\$ 38,092	\$ 32,246
Net realized and unrealized change in value	142,161	100,510
Investment management fees	<u>(4,155)</u>	<u>(3,023)</u>
Total investment return	176,098	129,733
Endowment earnings available for use in PVI's operations	<u>(176,098)</u>	<u>(129,733)</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 11 - NET ASSETS WITH DONOR RESTRICTIONS & RESTRICTED CASH

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

	<u>2024</u>	<u>2023</u>
Imputed leasehold	\$ 3,315,579	\$ 3,691,348
Endowment fund principal	<u>1,118,651</u>	<u>1,118,651</u>
	<u><u>\$ 4,434,230</u></u>	<u><u>\$ 4,809,999</u></u>

Cash and cash equivalents, and restricted cash as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,364,708	\$ 705,504
Restricted cash	<u>-</u>	<u>-</u>
Total cash, cash equivalents, and restricted cash.		
as reported in the statement of cash flows	<u><u>\$ 1,364,708</u></u>	<u><u>\$ 705,504</u></u>

NOTE 12 - 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 \$0 and \$89,640 were included in long-term investments as of June 30, 2024 and 2023.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2024 AND 2023

NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The following describes PVI's financial assets that are available within one year of June 30, 2024 to fund general expenditures:

Financial assets		
Cash and cash equivalents	\$	1,364,708
Receivables		557,094
Short term investments		302,042
Long-term investments		<u>7,003,048</u>
Total financial assets		9,226,892
Less amounts unavailable for general expenditure within one year:		
Donor-restricted to maintain as endowment principal		(1,118,651)
Other investments for long-term needs		<u>(5,884,397)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>2,223,844</u></u>

NOTE 13 - 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 revenue after the qualifying expenses are incurred and services are performed. PVI remits invoices to the county each month for reimbursement, along with the required cost reporting.

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 2024 or 2023. All contributions and grants were recognized as revenue when received other than those were exchanged transactions.

NOTE 14 - RIGHT-OF-USE ASSET

	<u>2024</u>	<u>2023</u>
Right-of-use asset - operating lease	\$ 143,310	\$ 143,310
Accumulated amortization, right-of-use asset	<u>(39,384)</u>	<u>(13,863)</u>
	<u>\$ 103,926</u>	<u>\$ 129,447</u>

PVI continues to follow Accounting Standards Codification Topic 842 (ASC 842), *Leases*. ASC 842 requires all material leases be recognized on the balance sheet, including all leases previously classified as operating leases. PVI adopted ASC 842 using the modified retrospective approach and has elected the package of practical expedients under the transition guidance to not reassess prior conclusions related to lease identification, lease classification, and initial direct costs for existing leases. Comparative information has not been restated and continues to be reported under the accounting standards in effect for the prior period. PVI has also elected to use the practical expedient for short-term leases under ASC 842, which allows the organization to not recognize lease assets and lease liabilities for leases with terms of 12 months or less. PVI has applied the practical expedient to all eligible leases as of the adoption date of July 1, 2022.

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2024 AND 2023

NOTE 14 - RIGHT-OF-USE ASSET (continued)

PVI did not have any material capital lease at adoption and during fiscal year ended June 2024. The adoption of ASC 842 did not have a material impact on PVI's income statement of cash flows. PVI's lease accounting policies and disclosures have been updated to conform to the requirements of ASC 842.

The lease agreement provide for minimum lease payments, with no variable payments and does not include any residual value guarantee or restrictive covenants.

The following summarize the line items in the balance sheet which include amounts for operating lease as of June 30, 2024:

Operating lease right-of-use assets, net	<u>\$ 103,926</u>
Operating lease liabilities - current	\$ 28,124
Operating lease liabilities -noncurrent	<u>81,418</u>
Total operating lease liabilities	<u>\$ 109,542</u>

The components of operating rent and lease expenses that are included in "Equipment lease and repairs" in the statement of income for the year ended June 30, 2024 were as follows:

Operating lease cost	\$ 16,988
Variable lease cost	-
Short-term lease cost	-
	<u>\$ 16,988</u>

The following summarizes the cash flow information related to operating leases for the year ended June 30, 2024:

Cash paid for amounts included in measurement lease liabilities:	\$ 10,839
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Weighted average lease term and discount rate as of June 30, 2024 were as follows:

Weighted average remaining lease term	4.33 years
Weighted average discount rate	3.95%

The maturities of operating lease liabilities as of June 30, 2024 were as follows:

	06/2025	31,946
	06/2026	31,946
	06/2027	31,946
	06/2028	21,107
	06/2029	<u>1,483</u>
Total lease payments		118,427
Less: interest		<u>8,885</u>
Present value of lease liability		<u>\$ 109,542</u>

PENINSULA VOLUNTEERS, INC.
NOTES TO FINANCIAL STATEMENTS - (Continued)
JUNE 30, 2024 AND 2023

NOTE 15 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION

Effective July 1, 2023, PVI adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments, as amended. The amendments in this ASU significantly change how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. Entities are required to base the measurement on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the organization that are subject to ASU 2016-13 include trade receivables.

According to ASU 2016-13, an entity needs to estimate its lifetime expected credit loss and record an allowance (contra-asset) that, when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. PVI adopted this new guidance utilizing the modified retrospective method. The adoption of this Standard did not have a material impact on PVI's financial statements but did change how the allowance for credit losses is determined.

NOTE 16 - SUBSEQUENT EVENTS

PVI follows California's guidelines on independent contractor versus employee classification, reviews each candidate's role and determines classification accordingly. Two individuals hired as independent contractors filed suit on PVI based on employee status, claiming overtime and owed wages as employees. PVI does not agree, but to better utilize their resources and to minimize distraction from focusing on their main programs, PVI is in the process of drafting a settlement agreement. Initial terms of the agreement were reached in early October, 2024, resulting in a total expected liability of about \$40,000 for PVI. This amount was not accrued as of Jun 30, 2024 because the lawsuit result and settlement amount were indeterminable at that time.

PVI's management has evaluated subsequent events and transactions through October 24, 2024, the date at which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements, and has determined that no events have occurred that would require adjustments in our disclosures in the financial statements.

SUPPLEMENTAL INFORMATION

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/ Pass Through Grantor/Program	CDFA/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	57000FY4R79795S_PVLA1	\$ 589,427	\$ 336,171
Nutrition Services	93.045	57000FY4R79795S_PVLA1		\$ 1,950
<i>Special Programs for the Aging: Grants for Supporting Services and Senior Centers</i>				
Adult Day Care Program	93.044	57000FY4R79795S_PVLA1	-	149,461
Adult Day Care - Transportation	93.044	57000FY4R79795S_PVLA1	-	39,998
<i>Nutrition Services Incentive Program</i>				
Meals on Wheels - Seniors	93.053	57000FY4R79795S_PVLA1	-	49,187
<i>Nutritional Infrastructure Grant Program</i>				
Nutrition Services - Nutrition Infrastructure			64,797	-
<i>American Rescue Plan Act</i>				
Adult Day Care Program	93.044	57000-FY24-R079428K		60,009
Adult Day Care - Transportation	93.044	57000-FY24-R079428K	-	31,163
Pass-through programs from Santa Clara County:				
<i>Mello-Granlund Older Californian Act</i>				
<i>Modernization Supportive Services Programs</i>				
Adult Day Care Program - MOCA	93.044	ARPA20240600.00	-	11,048
<i>American Rescue Plan Act</i>				
Transportation - Senior	93.044	ARPA20240600.00	-	42,125
<i>Subtotal - Aging Cluster</i>			<u>654,224</u>	<u>721,111</u>
Emergency Food Assistance Program (Food Commodities)				
<i>Received through Second Harvest Food Bank of Silicon Valley as donated food.</i>	21.027	21.027	-	12,738
Total U.S. Department of Health and Human Services			<u>654,224</u>	<u>733,850</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		141,490
Total U.S. Department of Veterans Affairs				<u>141,490</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	79000-23-R078855W		23,680
<i>Subtotal - CDBG Entitlement Grants Cluster</i>				<u>23,680</u>
Total U.S. Department of Housing and Urban Development				<u>23,680</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		64,267
<i>Subtotal - Food Distribution Cluster</i>				<u>64,267</u>
Total U.S. Department of Agriculture				<u>64,267</u>

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/ Pass Through Grantor/Program</u>	<u>CDFA/Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>State Expenditures</u>	<u>Federal Expenditures</u>
Federal Emergency Management Administration				
Emergency Food and Shelter Program				
<i>Received through United Way Worldwide</i>	97.024	N/A		9,000
Emergency Food and Shelter Program				
<i>Received through Second Harvest Food Bank of Silicon Valley as donated food.</i>	97.024	N/A		268
				<u>9,268</u>
				<u>9,268</u>
Total Federal Emergency Management Administration				<u>9,268</u>
Total Expenditures of Federal Awards				<u>\$ 972,555</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, 2024. 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,

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, 2024.



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, 2024, 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 October 24, 2024.

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. However, material weaknesses or significant deficiencies may exist that were not identified.

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.



STOREK ■ CARLSON ■ STRUTZ ■ LLP

CERTIFIED PUBLIC ACCOUNTANTS & TRUSTED BUSINESS ADVISORS

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

STOREK, CARLSON & STRUTZ LLP

Campbell, CA

October 24, 2024



**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, 2024. 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, 2024.

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 referred 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.

Storek, Carlson & Strutz LLP

STOREK, CARLSON & STRUTZ LLP
Campbell, CA
October 24, 2024

PENINSULA VOLUNTEERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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 or material weakness were disclosed during the audit of the financial statements.
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 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 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