

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Audited Consolidating
Financial Statements and
Supplementary Information

June 30, 2025



ADKF
CERTIFIED PUBLIC ACCOUNTANTS

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Meals on Wheels San Antonio and MOWSA Real Estate
San Antonio, Texas

Report on Audit of the Consolidating Financial Statements

Opinion

We have audited the accompanying consolidating financial statements of Meals on Wheels San Antonio and MOWSA Real Estate (collectively, the "Organization") which comprise the consolidating statements of financial position as of June 30, 2025 and 2024, and the related consolidating statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidating financial statements.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of Meals on Wheels San Antonio and MOWSA Real Estate as of June 30, 2025 and 2024, and its activities, functional expenses and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 Auditor's Responsibilities for the Audit of the Consolidating Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to your audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibility for the Audit of the Consolidating Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidating financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating financial statements, 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 the amounts and disclosures in the consolidating 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 the Organization'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 consolidating financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of the Organization'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 that report is solely 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 effectiveness of its internal control over financial reporting 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 over financial reporting and compliance.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
January 20, 2026

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statements of Financial Position
June 30, 2025

	Meals on Wheels San Antonio	MOWSA Real Estate	Eliminations	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents:				
Operating	\$ 927,334	\$ 39,759	\$ -	\$ 967,093
Reserve fund for NMTC	-	532,413	-	532,413
Total cash and cash equivalents	927,334	572,172	-	1,499,506
Accounts receivable, net	1,195,926	-	-	1,195,926
Intercompany receivable	-	2,352,103	(2,352,103)	-
Inventory	161,326	-	-	161,326
Pledges receivable, current portion	57,608	-	-	57,608
Prepaid expenses and other assets	143,801	-	-	143,801
Total current assets	2,485,995	2,924,275	(2,352,103)	3,058,167
Property and Equipment, net	3,243,078	17,951,793	-	21,194,871
Other Assets:				
NMTC leveraged note receivable	15,642,000	-	-	15,642,000
Operating lease right-of use assets	12,233,027	-	(12,166,758)	66,269
Investments, at fair value:				
Available for operations	1,947,303	-	-	1,947,303
Endowment	226,070	-	-	226,070
Total other assets	30,048,400	-	(12,166,758)	17,881,642
Total Assets	\$ 35,777,473	\$ 20,876,068	\$ (14,518,861)	\$ 42,134,680
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ 857,431	\$ -	\$ -	\$ 857,431
Accrued liabilities	576,431	-	-	576,431
Deferred revenue	1,507	-	-	1,507
Operating lease liabilities, current portion	329,930	-	(295,017)	34,913
Note payable, current portion	57,524	-	-	57,524
Total current liabilities	1,822,823	-	(295,017)	1,527,806
Long-Term Liabilities:				
Operating lease liabilities, net of current portion	14,255,217	-	(14,223,844)	31,373
Note payable, net of current portion	4,444,913	20,180,538	-	24,625,451
Total long-term liabilities	18,700,130	20,180,538	(14,223,844)	24,656,824
Total liabilities	20,522,953	20,180,538	(14,518,861)	26,184,630
Net Assets:				
Without donor restrictions:				
Available for general operations	13,431,681	695,530	-	14,127,211
Board designated	1,265,000	-	-	1,265,000
Total without donor restrictions	14,696,681	695,530	-	15,392,211
With donor restrictions	557,839	-	-	557,839
Total net assets	15,254,520	695,530	-	15,950,050
Total Liabilities and Net Assets	\$ 35,777,473	\$ 20,876,068	\$ (14,518,861)	\$ 42,134,680

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statements of Financial Position
June 30, 2024

	Meals on Wheels San Antonio	MOWSA Real Estate	Eliminations	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents:				
Operating	\$ 279,772	\$ 311,694	\$ -	\$ 591,466
Reserve fund for NMTC	-	652,080	-	652,080
Total cash and cash equivalents	279,772	963,774	-	1,243,546
Accounts receivable, net	2,891,714	-	-	2,891,714
Intercompany receivable	292,916	1,493,306	(1,786,222)	-
Inventory	220,423	-	-	220,423
Pledges receivable, current portion	77,751	-	-	77,751
Prepaid expenses and other assets	154,380	-	-	154,380
Total current assets	3,916,956	2,457,080	(1,786,222)	4,587,814
Property and Equipment, net	3,391,952	18,546,255	-	21,938,207
Other Assets:				
Pledges receivable, net of current portion	10,832	-	-	10,832
NMTC leveraged note receivable	15,642,000	-	-	15,642,000
Operating lease right-of-use assets	12,702,866	-	(12,591,411)	111,455
Investments, at fair value:				
Available for operations	3,826,330	-	-	3,826,330
Endowment	323,210	-	-	323,210
Total other assets	32,505,238	-	(12,591,411)	19,913,827
Total Assets	\$ 39,814,146	\$ 21,003,335	\$ (14,377,633)	\$ 46,439,848
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ 755,433	\$ -	\$ -	\$ 755,433
Accrued liabilities	585,163	-	-	585,163
Intercompany payable	-	292,916	(292,916)	-
Deferred revenue	100,024	-	-	100,024
Operating lease liabilities, current portion	266,219	-	(217,300)	48,919
Note payable, current portion	6,854,819	-	-	6,854,819
Total current liabilities	8,561,658	292,916	(510,216)	8,344,358
Long-Term Liabilities:				
Operating lease liabilities, net of current portion	13,930,022	-	(13,867,417)	62,605
Note payable, net of current portion	18,114	20,048,396	-	20,066,510
Total long-term liabilities	13,948,136	20,048,396	(13,867,417)	20,129,115
Total liabilities	22,509,794	20,341,312	(14,377,633)	28,473,473
Net Assets:				
Without donor restrictions:				
Available for general operations	15,172,870	662,023	-	15,834,893
Board designated	1,265,000	-	-	1,265,000
Total without donor restrictions	16,437,870	662,023	-	17,099,893
With donor restrictions	866,482	-	-	866,482
Total net assets	17,304,352	662,023	-	17,966,375
Total Liabilities and Net Assets	\$ 39,814,146	\$ 21,003,335	\$ (14,377,633)	\$ 46,439,848

See notes to audited consolidating financial statements.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statements of Activities
Year Ended June 30, 2025

	MOWSA			Real Estate			<u>Consolidated</u>
	Meals on Wheels San Antonio			Without Restriction		With Restriction	
	Without Restriction	With Restriction	Total	Without Restriction	With Restriction	Eliminations	
Revenue and Other Support							
Contributions and grants	\$ 4,925,737	\$ -	\$ 4,925,737	\$ -	\$ -	\$ (40,000)	\$ 4,885,737
Government Agency fees and grants	7,343,060	-	7,343,060	-	-	-	7,343,060
United Way	509,950	-	509,950	-	-	-	509,950
Program service fees	3,939,123	-	3,939,123	-	-	-	3,939,123
Special events, net	167,060	-	167,060	-	-	-	167,060
In-kind contributions	104,502	-	104,502	-	-	-	104,502
Rental income	-	-	-	1,076,087	1,076,087	(1,076,087)	-
Total revenue and other support	<u>16,989,432</u>	<u>-</u>	<u>16,989,432</u>	<u>1,076,087</u>	<u>1,076,087</u>	<u>(1,116,087)</u>	<u>16,949,432</u>
Expenses							
Programs	17,454,044	-	17,454,044	-	-	(1,076,087)	16,377,957
Management and general	1,136,252	-	1,136,252	1,047,129	1,047,129	(40,000)	2,143,381
Fundraising expenses	1,355,333	-	1,355,333	-	-	-	1,355,333
Total expenses	<u>19,945,629</u>	<u>-</u>	<u>19,945,629</u>	<u>1,047,129</u>	<u>1,047,129</u>	<u>(1,116,087)</u>	<u>19,876,671</u>
Nonoperating Revenues							
Investment earnings, net	586,174	-	586,174	4,549	4,549	-	590,723
Miscellaneous revenue	320,191	-	320,191	-	-	-	320,191
Total nonoperating revenues, net	<u>906,365</u>	<u>-</u>	<u>906,365</u>	<u>4,549</u>	<u>4,549</u>	<u>-</u>	<u>910,914</u>
Change in Net Assets							
Net assets released from restrictions	(2,049,832)	-	(2,049,832)	33,507	33,507	-	(2,016,325)
Net assets at beginning of year	<u>308,643</u>	<u>(308,643)</u>	<u>-</u>	<u>662,023</u>	<u>662,023</u>	<u>-</u>	<u>-</u>
Net Assets at Year End	<u>\$ 14,696,681</u>	<u>\$ 557,839</u>	<u>\$ 15,254,520</u>	<u>\$ 695,530</u>	<u>\$ 695,530</u>	<u>-</u>	<u>\$ 15,950,050</u>

See notes to audited consolidating financial statements.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statements of Activities
Year Ended June 30, 2024

	MOWSA			Real Estate Without Restriction	Eliminations	Consolidated
	Meals on Wheels San Antonio		Real Estate With Restriction			
	Without Restriction	With Restriction	Total			
Revenue and Other Support						
Contributions and grants	\$ 4,137,961	\$ 73,522	\$ 4,211,483	\$ -	\$ (175,000)	\$ 4,036,483
Government Agency fees and grants	9,066,773	381,640	9,448,413	-	-	9,448,413
United Way	510,027	-	510,027	-	-	510,027
Program service fees	4,624,877	-	4,624,877	-	-	4,624,877
Special events, net	62,397	-	62,397	-	-	62,397
In-kind contributions	173,906	-	173,906	-	-	173,906
Rental Income	-	-	-	-	-	-
Total revenue and other support	18,575,941	455,162	19,031,103	1,076,110	(1,076,110)	18,856,103
Expenses						
Programs	17,295,292	-	17,295,292	-	(441,613)	16,853,679
Management and general	954,212	-	954,212	1,183,898	(175,000)	1,963,110
Fundraising expenses	1,458,048	-	1,458,048	-	-	1,458,048
Total expenses	19,707,552	-	19,707,552	1,183,898	(616,613)	20,274,837
Nonoperating Revenues (Expenses)						
Investment earnings, net	890,132	4,593	894,725	13,284	-	908,009
Miscellaneous revenue	128,872	-	128,872	-	-	128,872
(Loss) on disposal of assets	(37,746)	-	(37,746)	-	(37,746)	-
Total nonoperating revenues (expenses), net	981,258	4,593	985,851	13,284	-	999,135
Change in Net Assets						
Net assets released from restrictions	1,265,048	(1,265,048)	-	-	-	-
Net assets at beginning of year	15,323,175	1,671,775	16,994,950	756,527	634,497	18,385,974
Net Assets at Year End	\$ 16,437,870	\$ 866,482	\$ 17,304,352	\$ 662,023	\$ -	\$ 17,966,375

See notes to audited consolidating financial statements.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statement of Functional Expenses
Years Ended June 30, 2025

Meals on Wheels San Antonio										MOWSA					
										Real Estate					
Programs			Management and General		Fundraising		Total		Management & General		Eliminations		Consolidated Totals		
Nutrition	Programs	Other	Operating	Non-Operating	Operating	Non-Operating	Total		Management	General	Eliminations				
\$ 4,945,072	\$ 617,661	\$ 445,610	\$ 27,247	\$ 417,964	\$ 75,241	\$ 6453,554	\$ 1,164,867		\$ -	\$ -	\$ 6,453,554				\$ 1,164,867
976,464	101,231	8,406	3,525												
5,921,536	718,892	454,016	30,772	493,205	-	7,618,421	-	-	-	-	-	-	-	-	7,618,421
Other Expenses:															
Advertising, printing and publishing	81,767	36,796	2,302	-	540,988	-			661,853	-	-	-	-	-	661,853
Assistance to individual clients	7,996	478,760	-	-	-	-			486,756	-	-	-	-	-	486,756
Contract services	678,913	74,973	75,756	96	69,822	-			899,560	-	-	-	-	-	899,560
Equipment rental and maintenance	136,186	10,352	4,471	5,507	6,492	-			163,008	-	-	-	-	-	163,008
Food and kitchen supplies	6,663,981	-	-	-	-	-			6,663,981	-	-	-	-	-	6,663,981
Insurance	113,371	19,749	21,157	50	3,626	-			157,953	-	-	-	-	-	157,953
In-kind contributions	44,945	-	8,447	2,266	-	-			104,502	-	-	-	-	-	104,502
Interest expense	2,903	-	543	295,727	-	299,173			156,436	-	-	-	-	-	156,436
Meetings and conferences	5,724	2,889	3,438	-	7,218	-			19,269	-	-	-	-	-	19,269
Occupancy	1,011,701	314,768	33,071	2,105	32,807	-			1,394,452	-	-	(1,076,087)	-	-	318,365
Office expenses	85,544	21,709	11,733	10,565	58,472	-			188,023	53	-	-	-	-	188,076
Other	1,517	445	2,605	-	40	-			4,607	40,000	(40,000)	-	-	-	4,607
Professional fees	92,732	8,738	65,494	5,678	134,893	-			307,535	124,037	-	-	-	-	431,572
Travel and mileage	67,222	11,427	1,329	-	4,471	-			84,449	-	-	-	-	-	84,449
Vehicle expenses	500,308	-	-	-	-	-			500,308	-	-	-	-	-	500,308
Total other expenses	9,498,709	1,025,551	221,899	328,175	861,095	-	-	-	11,935,429	320,526	(1,116,087)	-	-	-	11,139,868
Depreciation and amortization	275,457	13,899	101,316	74	1,033	-	-	-	391,779	726,603	-	-	-	-	1,118,382
Total expenses	\$ 15,695,702	\$ 1,758,342	\$ 777,231	\$ 359,021	\$ 1,355,333	\$ -	\$ 19,945,629	\$ 1,047,129	\$ (1,116,087)	\$ 19,876,671	-	-	-	-	\$ 19,876,671

Special event costs not included above:

Venue and catering expenses

Other direct expenses

Total

\$ 167,480
 15,235
 \$ 182,715

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statement of Functional Expenses
Years Ended June 30, 2024

		Meals on Wheels San Antonio						MOWSA			
		Meals on Wheels San Antonio			Management and General			Real Estate		Consolidated Totals	
		Programs	Other	Operating	Non-Operating	Operating	Non-Operating	Total	Management & General	Eliminations	Consolidated Totals
		Nutrition									
Salaries	\$ 4,726,788	\$ 642,203	\$ 477,172	\$ 37,183	\$ 453,353	\$ 82,239	\$ 1,154,313	\$ 6,336,699	\$ -	\$ 6,336,699	
Employee taxes and benefits	932,693	118,557	15,412	5,412							1,154,313
Total salaries and related expenses	5,659,481	760,760	492,584	42,595	535,592			7,491,012			7,491,012
Other Expenses:											
Advertising, printing and publishing	93,726	23,279	1,814	-	543,633	-		662,452	-	-	662,452
Assistance to individual clients	18,956	255,085	-	-	22,946	-		296,987	-	-	296,987
Bad debt	14,495	-	1,033	-	-			15,528	-	-	15,528
Contract services	1,178,303	84,746	69,810	-	53,253	-		1,386,112	-	-	1,386,112
Equipment rental and maintenance	79,024	11,450	2,306	-	786	-		93,566	-	-	93,566
Food and kitchen supplies	7,088,574	115	-		5,535	-		7,094,224	-	-	7,094,224
Insurance	105,805	23,926	14,786	121	5,772	-		150,410	-	-	150,410
In-kind contributions	2,556	96,252	-		75,098	-		173,906	-	-	173,906
Interest expense	2,196	-	493	149,195	-		151,884	156,436	-	-	308,320
Meetings and conferences	8,043	3,623	1,801	-	13,760	-		27,227	-	-	27,227
Occupancy	571,812	186,086	18,874	1,366	19,343	-		797,481	-		797,481
Office expenses	161,040	57,828	35,133	301	55,954	-		310,256	30	-	310,286
Other	227	3	-		-			230	175,000	(175,000)	-
Professional fees	76,293	6,992	54,487	2,013	119,270	-		259,055	131,368	-	390,423
Travel and mileage	81,604	7,218	3,260	-	6,199	-		98,281	-	-	98,281
Vehicle expenses	388,755	-	19,075	-	-			407,830	-	-	407,830
Total other expenses	9,871,409	756,603	222,872	-	152,996	921,549	-	11,925,429	462,834	(616,613)	11,771,650
Depreciation and amortization	234,610	12,429	34,311	8,854	907	-		291,111	720,794	-	1,011,905
Total expenses	\$ 15,765,500	\$ 1,529,792	\$ 749,767	\$ 204,445	\$ 1,458,048	\$ -	\$ 19,707,552	\$ 616,613	\$ 1,183,628	\$ 616,613	\$ 20,274,567

Special event costs not included above:
 Venue and catering expenses
 Other direct expenses
 Total

\$ 188,974
 19,676
 \$ 208,650

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Consolidating Statements of Cash Flows

Years Ended June 30, 2025

	Meals on Wheels San Antonio	MOWSA Real Estate	Eliminations	Consolidated
Operating Activities				
Change in net assets	\$ (2,049,832)	\$ 33,507	\$ -	\$ (2,016,325)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	391,779	594,461	-	986,240
Amortization, debt issuance costs	-	132,142	-	132,142
Bad debt	5,000	-	-	5,000
Discount on pledges	884	-	-	884
Realized and unrealized gain on investments	(501,620)	-	-	(501,620)
Noncash operating lease expense	469,839	-	(424,636)	45,203
Change in operating assets and liabilities:				
Accounts receivable	1,695,788	-	-	1,695,788
Intercompany receivable / payable	292,916	(1,151,712)	858,796	-
Inventory	59,097	-	-	59,097
Pledges receivable	25,091	-	-	25,091
Prepaid expenses and other assets	10,579	-	-	10,579
Accounts payable	101,998	-	-	101,998
Accrued liabilities	(8,732)	-	-	(8,732)
Deferred revenue	(98,517)	-	-	(98,517)
Operating lease liabilities	388,906	-	(434,160)	(45,254)
Net cash provided (used) by operating activities	783,176	(391,602)	-	391,574
Investing Activities				
Purchases of property and equipment	(242,905)	-	-	(242,905)
Net investment activity	2,477,787	-	-	2,477,787
Net cash provided by investing activities	2,234,882	-	-	2,234,882
Financing Activities				
Repayments on notes payable	(6,877,433)	-	-	(6,877,433)
Borrowings on notes payable	4,506,937	-	-	4,506,937
Net cash (used) by financing activities	(2,370,496)	-	-	(2,370,496)
Net change in cash and cash equivalents	647,562	(391,602)	-	255,960
Cash and cash equivalents at beginning of year	279,772	963,774	-	1,243,546
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 927,334	\$ 572,172	\$ -	\$ 1,499,506
Supplemental Disclosures				
Cash paid for interest	\$ 299,173	\$ 156,436	\$ -	\$ 455,609
Cash paid for income taxes	-	-	-	-

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statements of Cash Flows
Years Ended June 30, 2024

	<u>Meals on Wheels San Antonio</u>	<u>MOWSA Real Estate</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating Activities				
Change in net assets	\$ 309,402	\$ (94,504)	\$ (634,497)	\$ (419,599)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:				
Depreciation	282,322	588,653	-	870,975
Amortization, debt issuance costs	8,789	132,141	-	140,930
Bad debt	3,000	-	-	3,000
Discount on pledges	2,231	-	-	2,231
Realized and unrealized gain on investments	37,746	-	-	37,746
Noncash contribution received	(683,834)	-	-	(683,834)
Noncash operating lease expense	577,772	-	417,197	994,969
Change in operating assets and liabilities:				
Accounts receivable	(1,274,819)	-	-	(1,274,819)
Intercompany receivable / payable	(1,003,894)	(489,412)	-	(1,493,306)
Inventory	112,345	-	-	112,345
Pledges receivable	793,060	-	-	793,060
Prepaid expenses and other assets	(86,286)	-	-	(86,286)
Accounts payable	30,303	(1,404,222)	-	(1,373,919)
Accrued liabilities	128,164	-	-	128,164
Deferred revenue	8,494	-	-	8,494
Operating lease liabilities	281,105	-	217,300	498,405
Net cash (used) by operating activities	(474,100)	(1,267,344)	-	(1,741,444)
Investing Activities				
Purchases of property and equipment	(945,928)	(854,808)	-	(1,800,736)
Net investment activity	(26,041)	-	-	(26,041)
Net cash (used) by investing activities	(971,969)	(854,808)	-	(1,826,777)
Financing Activities				
Repayments on notes payable	(37,437)	-	-	(37,437)
Net cash (used) by financing activities	(37,437)	-	-	(37,437)
Net change in cash and cash equivalents	(1,483,506)	(2,122,152)	-	(3,605,658)
Cash and cash equivalents at beginning of year	1,763,278	3,085,926	-	4,849,204
Cash, Cash Equivalents and Restricted Cash at End of Year	<u>\$ 279,772</u>	<u>\$ 963,774</u>	<u>\$ -</u>	<u>\$ 1,243,546</u>

Supplemental Disclosures

Cash paid for interest	\$ 151,884	\$ 156,436	\$ -	\$ 308,320
Cash paid for income taxes	-	-	-	-

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: Meals on Wheels San Antonio is a nonprofit organization whose mission is to promote the dignity and independence of seniors who are in need of nutritious meals, companionship and Alzheimer's care. Its programs include:

Nutrition Services: These services consist of home delivered meals and contract meals. The home delivered meals program prepares and distributes hot, nutritious lunches and provides safety checks to homebound senior adults in the following counties: Bexar, Atascosa, Comal, Edwards, Frio, Guadalupe, Karnes, Medina, Uvalde and Wilson. These services are primarily supported by public contributions and grants, as well as fees and grants from government agencies. The contract meals service provides and delivers meals to the City of San Antonio senior centers as well as other senior service nutrition centers in the region.

Other Services: Other services include Alzheimer Services, AniMeals, Friendly Visitor, and Comfy Casas. Alzheimer Services provides client activity kits, graceful gatherings, and caregiver support groups (Grace at Home and Grace Notes) for those living with Alzheimer's disease or related dementia issues. AniMeals aids in caring for the pets of seniors in San Antonio. Friendly Visitors provides much needed companionship to combat loneliness and social isolation that homebound seniors and disabled neighbors face. Comfy Casas helps improve the health of seniors and disabled adults by addressing their living conditions and home safety needs. These services are supported by program fees, public donations, and grants from government agencies.

MOWSA Real Estate is a separate nonprofit organization established as part of the New Market Tax Credits (NMTC) transaction, to provide funding for the Meals on Wheels San Antonio's new facility completed in fiscal year 2023. MOWSA Real Estate operates exclusively for the benefit of Meals on Wheels San Antonio and is governed by a separate Board of Trustees, the majority of which are appointed by the Meals on Wheels San Antonio's Board of Trustees.

Consolidation: All significant intercompany transactions have been eliminated in the consolidating statements. The consolidated group is referred to as the Organization.

Basis of Presentation: The accompanying consolidating financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Trustees are reported as net assets without donor restrictions, board designated.

With Donor Restrictions: Net assets with donor restrictions are subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition: Revenue from government contracts and grants consist of cost reimbursable federal and state contracts and grants, which are generally conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as deferred revenue in the consolidating statement of financial position.

Contracts with customers to provide adult activity center services and meal delivery services are generally short-term in duration and typically include a single performance obligation. Program fees are recognized at a point in time when the performance obligation is satisfied (services are provided). Program fees received in advance, if any, are deferred until the related service is provided.

Contributions and donations are recognized when cash, securities or other assets; an unconditional promise to give, or a notification of a beneficial interest, is received. Conditional promises to give and pledges – that is, those with a measurable performance or other barrier and a right of return – are recognized when the conditions on which they depend have been met.

Contributions: Contributions and grants are reported as without or with donor restrictions, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Gifts of land, building and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributed Materials and In-Kind Services: Donated materials are valued based on their estimated fair market value on the date of contribution. Contributions of in-kind services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded at the estimated fair market value in the period received.

Special Events: Costs associated with special events are netted against the related revenue. There are no joint costs associated with these special events.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Reserve Funds: Cash consists of cash on hand and demand deposits held by financial institutions. For the purpose of the consolidating statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Reserve funds related to the NMTC is maintained in a separate account to fund payments under the NMTC financing agreements. These funds are designated by management for this purpose.

Accounts Receivable: Accounts receivable consists mainly of grants and program service fees reported at outstanding principal, net of allowance for credit losses. Generally, the grants awarded to the Organization are recorded on a reimbursement basis; that is when qualifying expenses are incurred by the Organization. Receivables from program services are for services performed by the Organization. Receivables are reported net of an allowance of \$9,877 at June 30, 2025, and \$25,998 at June 30, 2024. Accounts receivable from program services totaled \$379,257 at July 1, 2023, the beginning of the earliest year presented.

Allowance for Expected Credit Losses: The Organization estimates expected credit losses on accounts receivable based on historical credit loss experience, receivables aging, current conditions, and collections received after the balance sheet date but before the financial statements are available for issuance. Collectability is assessed by pooling receivables that share similar characteristics and evaluating individually those that differ and are considered at risk. In 2025, the Organization applied the practical expedient and assumed current conditions would remain unchanged over the life of the receivables. This evaluation included collections received through the date of the independent auditor's report. Based on this assessment, no allowance for credit losses was recorded as of June 30, 2025, since all accounts were considered fully collectible.

Inventory: Inventory consists of food and supplies and is valued at the lower of cost or net realizable value on a first-in, first-out basis.

Pledges Receivable: Legally enforceable pledges and contributions, less an allowance for uncollectible amounts and a discount to net present value, are recorded as pledges and revenue in the year made unless the pledge or contribution is dependent upon occurrence of a specified future and uncertain event to bind the promisor. Conditional pledges and contributions are recognized when the conditions upon which they depend are substantially met or when the possibility that the condition will not be met is remote.

Investments: Investments are stated at fair value based upon quoted market prices, when available, or estimates of fair value in the consolidating statements of financial position. Investment earnings are reported net of fees of approximately \$28,000 in 2025 and \$29,000 in 2024. Unrealized gains and losses are included in the consolidating statements of activities. Investments available for operations are classified as non-current since management does not expect to utilize such funds during the next fiscal year.

Property and Equipment: Property and equipment are stated at cost for purchased assets, or at estimated fair value at the date received for contributed assets. Expenditures for assets costing more than \$2,500 are capitalized if their useful life is greater than one year. Expenditures for betterments that materially extend the useful life of the asset are capitalized. Repairs and maintenance that do not significantly increase the useful life of an asset are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets which range from 3 to 39 years. Depreciation is allocated between program, management and general and fundraising expenses.

NMTC Leveraged Note Receivable: The NMTC leveraged note receivable is carried at the unpaid principal balance and accrued interest. Management does not believe an allowance is required at year end.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of Long-Lived Assets: The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. No impairment loss was taken in 2025 or 2024.

Compensated Absences: Employees are entitled to paid time off, depending on job classification and length of service. The consolidating financial statements reflect a liability, included in accrued liabilities, and expense for the paid time off of the employees for vested time at their current pay rate.

Advertising: Advertising costs are expensed as incurred.

Leases: Operating leases with a term greater than 12 months, lease assets and obligations are recognized at the lease commencement date based on the present value of lease payments over the term of the lease. Certain real estate leases have renewal options, and the Organization considers exercising such options based on various factors. The Organization uses the risk-free discount rate to determine the present value of lease payments, according to the Organization's elected policy, unless a readily determinable implicit rate is available. In determining lease asset values, the Organization considers fixed and variable payment terms, prepayments, incentives, and options to extend, terminate or purchase. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. Leased assets are presented as a right-to-use asset with the corresponding liability on the balance sheet. Operating lease expense is recognized in operating expenses on a straight-line basis over the lease term. The Organization's leases may include a non-lease component representing additional services transferred to the Organization. The Organization elected an accounting policy to treat each separate lease component and its related non-lease components as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Benefit Plan: The Organization sponsors a 403(b) Plan for substantially all full-time employees who are age 18 and are automatically enrolled in the Plan at 3% of their compensation. The Organization contributes a base contribution of 1% of employee compensation. The Organization matches 100% of the employee contribution up to 4% of compensation. Employees are 100% vested in the Organization's contribution following three years of service. The Organization contributed \$145,000 in 2025 and \$180,000 in 2024 to the Plan.

Functional Allocation of Expenses: The costs of providing the services and other activities are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as for salaries and benefits) as well as on a square footage or other reasonable basis (such as for depreciation, office and occupancy).

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. The Organization periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. Cash balances in excess of the federally insured limit totaled approximately \$930,000 at June 30, 2025 and \$630,000 at June 30, 2024. Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes: Meals on Wheels San Antonio and MOWSA Real Estate are not-for-profit organizations exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and are not a “private foundation” within the meaning of Section 509(a). Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to Texas margin tax.

Management is not aware of any tax positions that would have a significant impact on their financial position. The tax returns for these entities for the last four years are subject to examination.

Commitments and Contingencies: The Organization participates in federal and state grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

From time to time, the Organization is involved in litigation, claims, and assessments arising in the normal course of business. Management is not aware of any such matters which would have a material impact on its financial condition.

Use of Estimates: The preparation of consolidating financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of consolidating financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor’s report the date the consolidating financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these consolidating financial statements.

Recently Adopted Accounting Pronouncement: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13 Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments which requires the application of a current expected credit loss (CECL) impairment model to financial assets measured at amortized cost, including trade accounts receivable. Under the CECL model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Furthermore, financial assets with similar risk characteristics are analyzed on a collective basis. This ASU, as amended, is effective for periods beginning after December 15, 2022. The Organization adopted the new standard July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in modified disclosures.

On July 30, 2025, the FASB issued ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326)*, providing a practical expedient and an accounting policy election for non-public entities to measure expected credit losses on accounts receivable and contract assets from revenue transactions. These options allow entities to (a) assume current conditions at the balance sheet date will remain unchanged over the remaining life of the assets, and (b) consider amounts collected after the balance sheet date but before the financial statements are available for issuance when estimating expected credit losses. The Organization early adopted this ASU prospectively for the year ended June 30, 2025 and the adoption did not have a material impact on the financial statements.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE**Notes to Audited Consolidating Financial Statements****June 30, 2025 and 2024****NOTE B - ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at June 30:

	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
<u><i>June 30, 2025:</i></u>			
Government fees and grants	\$ 1,063,318	\$ -	\$ 1,063,318
Contracts	<u>142,485</u>	<u>-</u>	<u>142,485</u>
Total accounts receivable	<u>1,205,803</u>	<u>-</u>	<u>1,205,803</u>
Less allowance	<u>(9,877)</u>	<u>-</u>	<u>(9,877)</u>
Accounts receivable, net	<u><u>\$ 1,195,926</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,195,926</u></u>
<u><i>June 30, 2024:</i></u>			
Government fees and grants	\$ 2,088,833	-	\$ 2,088,833
Contracts	<u>789,774</u>	<u>-</u>	<u>789,774</u>
Other	<u>39,105</u>	<u>-</u>	<u>39,105</u>
Total accounts receivable	<u>2,917,712</u>	<u>-</u>	<u>2,917,712</u>
Less allowance	<u>(25,998)</u>	<u>-</u>	<u>(25,998)</u>
Accounts receivable, net	<u><u>\$ 2,891,714</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,891,714</u></u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE C - PLEDGES

Pledges receivable consist of the following at June 30:

	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
<u><i>June 30, 2025:</i></u>			
Due within one year	\$ 58,990	\$ -	\$ 58,990
Due in years two to five	750	-	750
Total pledges	59,740	-	59,740
Less present value discount	-	-	-
Less allowance for doubtful accounts	(2,132)	-	(2,132)
Pledges, net	<u>\$ 57,608</u>	<u>\$ -</u>	<u>\$ 57,608</u>
<u><i>June 30, 2024:</i></u>			
Due within one year	\$ 93,719	\$ -	\$ 93,719
Due in years two to five	13,063	-	13,063
Total pledges	106,782	-	106,782
Less present value discount	(2,231)	-	(2,231)
Less allowance for doubtful accounts	(15,968)	-	(15,968)
Pledges, net	<u>\$ 88,583</u>	<u>\$ -</u>	<u>\$ 88,583</u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
<u>June 30, 2025:</u>			
Land	\$ 632,956	\$ 2,137,552	\$ 2,770,508
Building and improvements	2,555,201	15,183,361	17,738,562
Vehicles	1,612,643	-	1,612,643
Furniture, fixtures and equipment	886,201	2,139,076	3,025,277
Total property and equipment	<u>5,687,001</u>	<u>19,459,989</u>	<u>25,146,990</u>
Less accumulated depreciation	<u>(2,443,923)</u>	<u>(1,508,196)</u>	<u>(3,952,119)</u>
Property and equipment, net	<u><u>\$ 3,243,078</u></u>	<u><u>\$ 17,951,793</u></u>	<u><u>\$ 21,194,871</u></u>
<u>June 30, 2024:</u>			
Land	\$ 632,956	\$ 2,137,552	\$ 2,770,508
Building and improvements	2,522,860	15,183,361	17,706,221
Vehicles	1,433,143	-	1,433,143
Furniture, fixtures and equipment	872,527	2,139,076	3,011,603
Total property and equipment	<u>5,461,486</u>	<u>19,459,989</u>	<u>24,921,475</u>
Less accumulated depreciation	<u>(2,069,534)</u>	<u>(913,734)</u>	<u>(2,983,268)</u>
Property and equipment, net	<u><u>\$ 3,391,952</u></u>	<u><u>\$ 18,546,255</u></u>	<u><u>\$ 21,938,207</u></u>

NOTE E - ENDOWMENTS

The endowment funds consist of three individual funds established by a donor to provide annual funding for specific activities as follows:

Colonel Marjorie A. Ferrandino Endowment Fund (Meals on Wheels) - As required by its governing document, the original corpus is to be invested in perpetuity with only the investment return to be used for the Meals on Wheels program.

Colonel Marjorie A. Ferrandino Endowment Fund (Grace Place) - As required by its governing document, the original corpus is to be invested in perpetuity with only the investment return to be used for the Grace Place program.

Colonel Marjorie A. Ferrandino Endowment Fund (Friendly Visitor) - As required by its governing document, the original corpus is to be invested in perpetuity with only the investment return to be used for the Friendly Visitor program.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Notes to Audited Consolidating Financial Statements
June 30, 2025 and 2024

NOTE E - ENDOWMENTS - continued

The Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net assets consist of the following at June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<i><u>June 30, 2025:</u></i>			
Gift held in perpetuity	\$ -	\$ 170,051	\$ 170,051
Accumulated earnings	<u>-</u>	<u>56,019</u>	<u>56,019</u>
Total Endowments	<u>\$ -</u>	<u>\$ 226,070</u>	<u>\$ 226,070</u>
<i><u>June 30, 2024:</u></i>			
Gift held in perpetuity	\$ -	\$ 170,051	\$ 170,051
Accumulated earnings	<u>-</u>	<u>153,159</u>	<u>153,159</u>
Total Endowments	<u>\$ -</u>	<u>\$ 323,210</u>	<u>\$ 323,210</u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE E - ENDOWMENTS - continued

Investment and Spending Policies: The Organization has adopted an investment policy, approved by the Board of Trustees, that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent rate of return that has sufficient liquidity to make the required annual distributions. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u><i>June 30, 2025:</i></u>			
Endowments, beginning of the year	\$ -	\$ 323,210	\$ 323,210
Net investment activity	-	20,618	20,618
Appropriations	<u>-</u>	<u>(117,758)</u>	<u>(117,758)</u>
	<u><u>\$ -</u></u>	<u><u>\$ 226,070</u></u>	<u><u>\$ 226,070</u></u>
<u><i>June 30, 2024:</i></u>			
Endowments, beginning of the year	\$ -	\$ 253,077	\$ 253,077
Net investment activity	-	70,133	70,133
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ -</u></u>	<u><u>\$ 323,210</u></u>	<u><u>\$ 323,210</u></u>

There are no underwater endowments for the years ending June 30, 2025 and 2024.

NOTE F - FAIR VALUE MEASUREMENTS

In accordance with U. S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

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

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

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

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE F - FAIR VALUE MEASUREMENTS - continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following table sets forth, by level within the fair value hierarchy, the Organization's investments measured at fair value as follows:

	Fair Value Measurements Using				Total
	Level 1	Level 2	Level 3		
<u><i>June 30, 2025</i></u>					
Investments available for operations:					
Money market funds	\$ 23,878	\$ -	\$ -	\$ 23,878	
Equities	1,422,562	-	-	1,422,562	
Bond mutual funds	431,890	-	-	431,890	
Equity mutual funds	68,973	-	-	68,973	
Total at fair value	<u>1,947,303</u>	<u>-</u>	<u>-</u>	<u>1,947,303</u>	
Investments endowed:					
Money market funds	1,803	-	-	1,803	
Equities	149,058	-	-	149,058	
Equity mutual funds	75,209	-	-	75,209	
Total at fair value	<u>226,070</u>	<u>-</u>	<u>-</u>	<u>226,070</u>	
Total investments at fair value	<u><u>\$ 2,173,373</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,173,373</u></u>	
<u><i>June 30, 2024</i></u>					
Investments available for operations:					
Money market funds	\$ 343,326	\$ -	\$ -	\$ 343,326	
Equities	2,739,102	-	-	2,739,102	
Bond mutual funds	732,346	-	-	732,346	
Equity mutual funds	11,556	-	-	11,556	
Total at fair value	<u>3,826,330</u>	<u>-</u>	<u>-</u>	<u>3,826,330</u>	
Investments endowed:					
Money market funds	7,346	-	-	7,346	
Equities	315,864	-	-	315,864	
Total at fair value	<u>323,210</u>	<u>-</u>	<u>-</u>	<u>323,210</u>	
Total investments at fair value	<u><u>\$ 4,149,540</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,149,540</u></u>	

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Notes to Audited Consolidating Financial Statements
June 30, 2025 and 2024

NOTE F - FAIR VALUE MEASUREMENTS - continued

There have been no changes in methodologies used to measure fair value, nor transfers between levels. Following is a description of the valuation methodologies used for various types of assets measure at fair value:

Money market funds: Valued at its cost, plus accrued interest.

Equities and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE G - NOTES PAYABLE

Notes payable consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
<i>Meals on Wheels San Antonio:</i>		
Note payable (NMTC), balloon payment due February 1, 2031, interest at 6.50%, secured by investments, property and equipment and leveraged note receivable.	\$ 4,506,937	\$ -
NMTC note payable, due in full September 29, 2024, interest at 2.15%, secured by campaign pledges, investments, property and equipment and leveraged note receivable, paid in full.	- -	6,806,937
Installment notes payable for vehicles, due through November 2025, with interest at 2.5% and monthly payments of \$677 to \$691, secured by vehicles.	<u>19,844</u>	<u>68,193</u>
Total	4,526,781	6,875,130
Less unamortized debt issuance costs	<u>(24,344)</u>	<u>(2,197)</u>
Notes payable, Meals on Wheels San Antonio	<u><u>\$ 4,502,437</u></u>	<u><u>\$ 6,872,933</u></u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Notes to Audited Consolidating Financial Statements
June 30, 2025 and 2024

NOTE G - NOTES PAYABLE - continued

	<u>2025</u>	<u>2024</u>
<i><u>MOWSA Real Estate:</u></i>		
NMTC note payable, due in quarterly payments of interest only through September 2028, then quarterly payments of \$93,431 including interest at 1.04%, final payment on September 28, 2051; secured by deed of trust on facilities.	\$ 7,633,500	\$ 7,633,500
NMTC note payable, due in quarterly payments of interest only through September 2028, then quarterly payments of \$71,326 including interest at 1.04%, final payment on September 28, 2051; secured by deed of trust on facilities.	5,827,500	5,827,500
NMTC note payable, due in quarterly payments of interest only through September 2028, then quarterly payments of \$30,311 including interest at 1.04%, final payment on September 28, 2051; secured by deed of trust on facilities.	2,476,500	2,476,500
NMTC note payable, due in quarterly payments of interest only through September 2028, then quarterly payments of \$26,694 including interest at 1.04%, final payment on September 28, 2051; secured by deed of trust on facilities.	2,181,000	2,181,000
NMTC note payable, due in quarterly payments of interest only through September 2028, then quarterly payments of \$93,431 including interest at 1.04%, final payment on September 28, 2051; secured by deed of trust on facilities.	1,672,500	1,672,500
NMTC note payable, due in quarterly payments of interest only through September 2028, then quarterly payments of \$10,024 including interest at 1.04%, final payment on September 28, 2051; secured by deed of trust on facilities.	<u>819,000</u>	<u>819,000</u>
Total	20,610,000	20,610,000
Less unamortized debt issuance costs	<u>(429,462)</u>	<u>(561,604)</u>
Notes payable, MOWSA Real Estate	<u><u>\$ 20,180,538</u></u>	<u><u>\$ 20,048,396</u></u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Notes to Audited Consolidating Financial Statements
June 30, 2025 and 2024

NOTE G - NOTES PAYABLE - continued

Year Ending June 30:	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
2026	\$ 57,524	\$ -	\$ 57,524
2027	111,976	-	111,976
2028	118,797	-	118,797
2029	127,652	619,423	747,075
2030	136,324	682,088	818,412
Thereafter	<u>3,974,508</u>	<u>19,308,489</u>	<u>23,282,997</u>
	<u><u>\$ 4,526,781</u></u>	<u><u>\$ 20,610,000</u></u>	<u><u>\$ 25,136,781</u></u>

NMTC Notes Payable: The NMTC debt was obtained to finance the Organization's new facility which was completed in fiscal year 2023. The notes contain affirmative and negative covenants, all of which were in compliance as of year-end and the date of the independent auditor's report. As a part of the NMTC agreement, the Organization agreed not to:

- Make any material changes in the nature of its business;
- Liquidate, merge, or consolidate with or into any other entity;
- Sell, transfer, or otherwise dispose of any assets, other than in the normal course of business;
- Create or incur any lien or encumbrance on any of its assets;
- Create, incur or assume any indebtedness, or issue or assume any other note, debenture, bond or other indebtedness, or guarantee any such indebtedness;
- Make any loans to any person; and
- Enter into any transaction, including the purchase, sale or exchange of property or service with any Affiliate.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Notes to Audited Consolidating Financial Statements
June 30, 2025 and 2024

NOTE H - NET ASSETS

Net assets designated by the Board of Trustees and net assets with donor-imposed restrictions include the following at June 30:

	<u>2025</u>	<u>2024</u>
Board designated:		
Capital campaign	\$ 1,200,000	\$ 1,200,000
Kitchen equipment	<u>65,000</u>	<u>65,000</u>
Total board designated net assets	<u><u>\$ 1,265,000</u></u>	<u><u>\$ 1,265,000</u></u>
With donor restriction:		
Purpose restrictions -		
Capital campaign	\$ 21,250	\$ 44,229
Comfy Casas program	-	42,113
Friendly visitors	8,382	1,440
Equipment fund	-	35,000
Grace Place program	6,350	10,350
Passage of Time -		
Home delivered meals program	295,787	381,640
Restricted pledges, home meals program	-	28,500
Endowments -		
Corpus restricted in perpetuity	170,051	170,051
Accumulated gains available to spend	<u>56,019</u>	<u>153,159</u>
Total donor restricted net assets	<u><u>\$ 557,839</u></u>	<u><u>\$ 866,482</u></u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Notes to Audited Consolidating Financial Statements
June 30, 2025 and 2024

NOTE I - OPERATING LEASES

Meals on Wheels San Antonio leases its building from MOWSA Real Estate, as part of the NMTC, and has several equipment leases, generally with lease terms ranging from three to fifteen years. The lease terms extend through 2051. Lease expense associated with the non-cancellable lease agreements was approximately \$1,125,000 and \$1,140,000 in 2025 and 2024.

The weighted average remaining lease term is 9.05 and 9.02 years at June 30, 2025 and 2024 and the weighted average discount rate is 4.57%. Future commitments relating to these lease agreements are as follows:

<u>Year Ended June 30</u>	
2026	223,309
2027	198,410
2028	384,082
2029	800,758
2030	1,301,037
Thereafter	<u>25,228,343</u>
 Total minimum future payments	28,135,939
Less imputed interest	<u>(13,550,792)</u>
 Present value of lease liability	14,585,147
Less elimination	<u>(14,518,861)</u>
 Total operating lease liability	<u>\$ 66,286</u>

NOTE J - IN-KIND CONTRIBUTIONS

The Organization received donated services and goods as follows during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Advertising	\$ -	\$ 5,800
Client assistance	9,629	43,648
Food	49,743	43,206
Fuel	5,020	-
Gala	-	3,500
Gift card	10,000	12,125
Other	3,044	30,669
Pet food	27,066	32,215
Professional services	<u>-</u>	<u>2,743</u>
 Total noncash contributions	<u>\$ 104,502</u>	<u>\$ 173,906</u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE J - IN-KIND CONTRIBUTIONS - continued

All donated goods and services were received by Meals on Wheels San Antonio. These goods and services are primarily supplies used in program, management and general and fundraising as presented in the statement of functional expenses. The goods and services normally do not have any donor restrictions. The goods and services are valued using the U.S. retail prices of identical or similar goods or services using pricing data under a "like-kind" methodology.

NOTE K - UNEMPLOYMENT TAXES

The Organization participates in an Unemployment Services Trust (UST) to fund unemployment, instead of paying Texas state unemployment taxes. Similar to Texas state unemployment taxes, UST contributions are driven by its unemployment claims history as well as payroll size. However, unlike Texas unemployment taxes, UST contributions are held in a reserve, earn investment income and remain the asset of the Organization.

Management has chosen to treat contributions to the UST as an expense (instead of an asset) at time of payment because the unreported claims cannot be reasonably estimated by management. The Organization's UST reserve totaled \$22,488 at June 30, 2025 and \$46,771 at June 30, 2024, and contributions to the UST totaled \$6,511 during the year ended June 30, 2025 and \$20,529 during the year ended June 30, 2024.

NOTE L - ECONOMIC DEPENDENCY

A significant portion of the revenues earned by the Organization depend upon the availability of funds provided by the federal and state government for various programs. Contracts with these funding agencies are renegotiated on an annual basis. Management expects these programs to continue in future years.

In addition, the Organization purchases a significant portion of its food items from two vendors. While these vendors can be changed, the favorable terms, both in pricing and payment, would be difficult to duplicate.

The Organization has a large spectrum of third-party donors; however, included in the donors are several that are much more significant in total. Accordingly, the Organization is continually seeking out new donors to support its mission so it can broaden and strengthen its donor base.

NOTE M - LIQUIDITY AND AVAILABILITY

The Organization has approximately \$4,100,000 of financial assets available to meet cash needs for general expenditure. This consists of unrestricted cash, accounts receivable, and unrestricted investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Organization's primary source of cash flow during the year is through reimbursable grants to maintain the programs offered. The result of these reimbursable grants is a consistent inflow of cash each month based on the prior months' operations.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Audited Consolidating Financial Statements

June 30, 2025 and 2024

NOTE N - NEW MARKET TAX CREDIT TRANSACTION

On September 29, 2021, Meals on Wheels San Antonio entered into a financing transaction with Chase Community Equity, LLC (the NMTC Investor) under a qualified New Markets Tax Credit (NMTC) program related to the construction of a 44,371 square foot facility including a new commercial kitchen, adult day cares space, and administrative offices. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the Act) and is intended to induce capital investment in qualified lower income communities. The Act permits taxpayers to claim credits against their Federal income taxes for up to 39% of qualified investments in the equity of community development entities (CDEs). CDE's are privately managed investment institutions that are certified to make qualified low-income community investments.

In connection with the financing, Meals on Wheels San Antonio loaned \$15,642,000 to Chase NMTC MOWSA Investment Fund, LLC (the Investment Fund) at an interest rate of 1.00% through maturity on September 28, 2051. Repayments on the loan commence on December 15, 2028. NMTC Investor contributed \$5,733,000 to Investment Fund and, by virtue of such contribution, is entitled to substantially all of the tax benefit derived from the NMTC. Investment Fund is a wholly owned subsidiary of NMTC Investor. The loan to Investment Fund is recorded in the consolidating statements of financial position.

Investment Fund then contributed the proceeds to CDEs, which in turn loaned combined funds of \$20,610,000, net of debt issuance costs, to MOWSA Real Estate at an interest rate of 1.043% through maturity on September 28, 2051. These loans are secured by the new 44,371 square foot building facility and equipment. The notes payable related to the NMTC, net of debt issuance costs, are recorded in the consolidating statement of financial position.

The NMTC is subject to a 100% recapture for seven years from date of inception. Meals on Wheels San Antonio is required to be in compliance with various regulations and contractual provisions. Management does not anticipate any credit recapture will be required. The transaction includes a put/call provision whereby Meals on Wheels San Antonio may be obligated or entitled to repurchase NMTC Investor's interest in Investment Fund at the end of the seven-year compliance period. The value attributable to the put/call was determined to be de minimis when the transaction was finalized.

**MEALS ON WHEELS SAN ANTONIO
AND
MOWSA REAL ESTATE**

Single Audit Reports for Federal Awards

June 30, 2025



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATING FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Meals on Wheels San Antonio and MOWSA Real Estate
San Antonio, Texas

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 consolidating financial statements of Meals on Wheels San Antonio and MOWSA Real Estate (the “Organization”) which comprise the consolidating statement of financial position as of June 30, 2025, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated January 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered Meals on Wheels San Antonio and MOWSA Real Estate’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of Meals on Wheels San Antonio and MOWSA Real Estate’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 consolidating financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meals on Wheels San Antonio and MOWSA Real Estate's consolidating 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 consolidating financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Meals on Wheels San Antonio and MOWSA Real Estate'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.

ADKF,PC

ADKF, P.C.
San Antonio, Texas
January 20, 2026



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

To the Board of Directors
Meals on Wheels San Antonio and MOWSA Real Estate
San Antonio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Meals on Wheels San Antonio and MOWSA Real Estate's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2025. Meals on Wheels San Antonio and MOWSA Real Estate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Meals on Wheels San Antonio and MOWSA Real Estate complied, in all material respects, with the 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, 2025.

Basis for Opinion of Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to 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 on the Organization's compliance with the compliance requirements 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 or grants agreements applicable to the Organization's federal programs.

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Auditor's Responsibilities for the Audit of 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 the Organization'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 general accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when 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 the Organization's compliance with the requirements 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 judgement 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 the Organization'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 the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weakness 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 a 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.

Report on Internal Control Over Compliance - continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of 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 have not been 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.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
January 20, 2026

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S Department of Health and Human Services			
Aging Cluster			
Special Program for the Aging, Title III, Part C, Nutrition Services			
Passed-Through Alamo Area Council of Governments			
Home Delivered Meals	93.045	539-16-0020-00001	\$ 2,740,184
Passed-Through Texas Health and Human Services Commission			
Home Delivered Meals (TITLE XX)	93.045	000172500	<u>1,324,378</u>
Total ALN 93.045			4,064,562
Nutrition Service Incentive Program			
Passed-through Alamo Area Council of Governments			
Home Delivered Meals	93.053	539-16-0020-00001	<u>885,543</u>
Total Aging Cluster			<u>4,950,105</u>
Total U.S. Department of Health and Human Services			4,950,105
U.S. Department of Housing and Urban Development			
Passed through Bexar County Texas			
COVID-19 Community Development Block Grant CARES Act	14.218	B-20-UW-48-0500	<u>70,225</u>
Total U.S. Department of Housing and Urban Development			70,225
U.S. Department of Homeland Security			
ARPA-R Passed-through Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program	97.024	37-7886-00-028	<u>4,276</u>
Total U.S. Department of Homeland Security			4,276
U.S. Department of Treasury			
Passed through City of San Antonio			
COVID-19 Coronavirus Relief Fund	21.019	460002259	143,049
Passed through Bexar County			
COVID-19 Coronavirus Relief Fund	21.027	SLFRP1970	<u>820,844</u>
Total U.S. Department of Treasury			<u>963,893</u>
Total Expenditures of Federal Awards			<u>\$ 5,988,499</u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

NOTE A – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Meals on Wheels San Antonio and MOWSA Real Estate (Organization) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidating financial statements. Pass-through entity identifying numbers are presented where available.

All of the Organization's federal awards were in the form of cash assistance. The Organization had no federal funded insurance programs or loan guarantees during the year ended June 30, 2025.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Organization has elected to not use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – RECONCILIATION TO AUDITED FINANCIAL STATEMENTS

Total expenditures of federal awards	\$ 5,988,499
Non-federal government grants and contracts	<u>1,354,561</u>
Total Government Agency fees and grants	<u><u>\$ 7,343,060</u></u>

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

<u>Section I - Summary of Auditors' Results</u>	<u>Description</u>
<i>Financial Statements</i>	
Type of report of independent auditors	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified	No
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified	No
Type of report of independent auditors issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
Major Federal Programs:	
<u>Name of Federal Program or Cluster:</u>	<u>AL Number</u>
U.S Department of Health and Human Services	
Aging Cluster	
Special Program for the Aging, Title III, Part C, Nutrition Services	93.045
Nutrition Service Incentive Program	93.053
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section II - Financial Statement Findings

None

Section III – Federal Awards Findings

None

Section IV – Summary of Prior Audit Findings

None