MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE

Audited Consolidating Financial Statements and Supplementary Information

June 30, 2024

ADKF
CERTIFIED PUBLIC ACCOUNTANTS

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
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June 30, 2024

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, 2024 and 2023, 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 consolidating financial statements present fairly, in all material respects, the financial position of Meals on Wheels San Antonio and MOWSA Real Estate as of June 30, 2024 and 2023, 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 November 25, 2024, 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
November 25, 2024

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
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 consolidating audited financial statements.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statements of Financial Position
June 30, 2023

	Meals on Wheels San Antonio	MOWSA Real Estate	Eliminations	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents:				
Operating	$ 1,763,278	$ 2,316,651	$ -	$ 4,079,929
Reserve fund for NMTC	-	769,275	-	769,275
Total cash and cash equivalents	1,763,278	3,085,926	-	4,849,204
Accounts receivable, net	1,616,895	-	-	1,616,895
Intercompany receivable	(76,481)	634,497	(558,016)	-
Inventory	332,768	-	-	332,768
Pledges receivable, current portion	810,344	-	-	810,344
Prepaid expenses and other assets	68,094	-	-	68,094
Total current assets	4,514,898	3,720,423	(558,016)	7,677,305
Property and Equipment, net	2,774,881	18,280,100	-	21,054,981
Other Assets:				
Pledges receivable, net of current portion	76,530	-	-	76,530
NMTC leveraged note receivable	15,642,000	-	-	15,642,000
Operating lease right-of-use assets	13,186,612	-	(13,035,315)	151,297
Investments, at fair value:				
Available for operations	3,186,588	-	-	3,186,588
Endowment	253,077	-	-	253,077
Total other assets	32,344,807	-	(13,035,315)	19,309,492
Total Assets	$ 39,634,586	$ 22,000,523	$ (13,593,331)	$ 48,041,778
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 725,130	$ 1,404,222	$ -	$ 2,129,352
Accrued liabilities	456,999	-	-	456,999
Intercompany payable	634,497	(76,481)	(558,016)	-
Deferred revenue	91,530			91,530
Operating lease liabilities, current portion	278,387	-	(217,300)	61,087
Note payable, current portion	46,676	-	-	46,676
Total current liabilities	2,233,219	1,327,741	(775,316)	2,785,644
Long-Term Liabilities:				
Operating lease liabilities, net of current portion	13,542,723	-	(13,452,512)	90,211
Note payable, net of current portion	6,863,694	19,916,255	-	26,779,949
Total long-term liabilities	20,406,417	19,916,255	(13,452,512)	26,870,160
Net Assets:				
Without donor restrictions:				
Available for general operations	14,058,175	756,527	634,497	15,449,199
Board designated	1,265,000	-	-	1,265,000
Total without donor restrictions	15,323,175	756,527	634,497	16,714,199
With donor restrictions	1,671,775	-	-	1,671,775
Total net assets	16,994,950	756,527	634,497	18,385,974
Total Liabilities and Net Assets	$ 39,634,586	$ 22,000,523	$ (13,593,331)	$ 48,041,778

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

	Meals on Wheels San Antonio			MOWSA Real Estate		
	Without Restriction	With Restriction	Total	Without Restriction	Eliminations	Consolidated
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 services 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	-	-	-	1,076,110	(1,076,110)	-
Total revenue and other support	18,575,941	455,162	19,031,103	1,076,110	(1,251,110)	18,856,103
Expenses						
Program services	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 and interest 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 revenue (expenses), net	981,258	4,593	985,851	13,284	-	999,135
Change in Net Assets	(150,353)	459,755	309,402	(94,504)	(634,497)	(419,599)
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 consolidating audited financial statements.

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statements of Activities
Year Ended June 30, 2023

	Meals on Wheels San Antonio			MOWSA Real Estate		
	Without Restriction	With Restriction	Total	Without Restriction	Eliminations	Consolidated
Revenue and Other Support						
Contributions and grants	$ 4,156,436	$ 332,289	$ 4,488,725	$ -	$ -	$ 4,488,725
Government Agency fees and grants	5,850,496	443,676	6,294,172	-	-	6,294,172
United Way	495,375	-	495,375	-	-	495,375
Program services fees	3,612,994	-	3,612,994	-	-	3,612,994
Speical events, net	64,760	-	64,760	-	-	64,760
In-kind contributions	38,868	-	38,868	-	-	38,868
Rental Income	-	-	-	797,697	(797,697)	-
Total revenue and other support	14,218,929	775,965	14,994,894	797,697	(797,697)	14,994,894
Expenses						
Program services	14,801,136	-	14,801,136	-	-	14,801,136
Management and general	2,025,732	-	2,025,732	653,988	(1,432,194)	1,247,526
Fundraising expenses	1,547,680	-	1,547,680	-	-	1,547,680
Total expenses	18,374,548	-	18,374,548	653,988	(1,432,194)	17,596,342
Nonoperating Revenues (Expenses)						
Captial campaign contributions	-	146,440	146,440	-	-	146,440
Investment and interest earnings, net	565,362	40,277	605,639	16,578	-	622,217
Total nonoperating revenue (expenses), net	565,362	186,717	752,079	16,578	-	768,657
Change in Net Assets	(3,590,257)	962,682	(2,627,575)	160,287	634,497	(1,832,791)
Net assets released from restrictions	8,581,777	(8,581,777)	-	-	-	-
Net assets at beginning of year	10,331,655	9,290,870	19,622,525	596,240	-	20,218,765
Net Assets at Year End	$ 15,323,175	$ 1,671,775	$ 16,994,950	$ 756,527	$ 634,497	$ 18,385,974

See notes to consolidating audited financial statements.

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 Real Estate		
	Programs		Management and General		Fundraising			Management		Consolidated
	Nutrition	Other	Operating	Non-Operating	Operating	Non-Operating	Total	& General	Eliminations	Totals
Salaries	$ 4,726,788	$ 642,203	$ 477,172	$ 37,183	$ 453,353	$ -	$ 6,336,699	$ -	$ -	$ 6,336,699
Employee taxes and benefits	932,693	118,557	15,412	5,412	82,239	-	1,154,313	-	-	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	-	(441,613)	355,868
Office expenses	161,040	57,828	35,133	301	55,954	-	310,256	30	-	310,286
Other	227	3	-	-	-	-	230	175,000	(175,000)	230
Professional fees	76,293	6,992	54,487	2,013	119,270	-	259,055	131,638	-	390,693
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	463,104	(616,613)	11,771,920
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	$ 1,183,898	$ (616,613)	$ 20,274,837

Special event costs not included above:	
Venue and catering expenses	$ 188,974
Other direct expenses	19,676
Total	$ 208,650

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Consolidating Statement of Functional Expenses
Years Ended June 30, 2023

	Meals on Wheels San Antonio							MOWSA Real Estate		
	Programs		Management and General		Fundraising					
	Nutrition	Other	Operating	Non-Operating	Operating	Non-Operating	Total	Management & General	Eliminations	Consolidated Totals
Salaries	$ 4,118,513	$ 491,087	$ 671,935	$ 144,370	$ 358,573	$ 49,977	$ 5,834,455	$ -	$ -	$ 5,834,455
Employee taxes and benefits	855,897	97,795	78,613	22,189	66,068	9,742	1,130,304	-	-	1,130,304
Total salaries and related expenses	4,974,410	588,882	750,548	166,559	424,641	59,719	6,964,759	-	-	6,964,759
Other Expenses:										
Advertising, printing and publishing	32,564	2,001	1,624	12	165,210	32,897	234,308	-	-	234,308
Assistance to individual clients	45,628	297,257	-	-	-	-	342,885	-	-	342,885
Bad debt	-	-	13,082	22,386	-	-	35,468	-	-	35,468
Contract services	933,054	1,191	11,560	-	11,566	918	958,289	-	-	958,289
Equipment rental and maintenance	82,204	6,901	23,548	2,061	5,084	-	119,798	-	-	119,798
Food and kitchen supplies	5,513,835	-	-	-	-	-	5,513,835	-	-	5,513,835
Insurance	174,844	19,927	18,674	-	8,692	-	222,137	-	-	222,137
In-kind contributions	38,868	-	-	-	-	-	38,868	-	-	38,868
Interest expense	3,332	-	-	148,382	-	-	151,714	97,772	-	249,486
Meetings and conferences	5,009	4,403	12,567	-	14,885	-	36,864	-	-	36,864
Occupancy	963,349	254,470	399,881	109,058	72,706	18,176	1,817,640	-	(1,432,194)	385,446
Office expenses	60,105	9,328	56,435	1,523	49,300	1,208	177,899	82	-	177,981
Other	5,465	66,749	8,342	-	9,349	908	90,813	-	-	90,813
Professional fees	217,533	25,192	229,481	8,451	616,916	46,788	1,144,361	98,912	-	1,243,273
Travel and mileage	71,743	2,927	577	-	8,468	175	83,890	-	-	83,890
Vehicle expenses	192,797	-	18	-	-	-	192,815	-	-	192,815
Total other expenses	8,340,330	690,346	775,789	291,873	962,176	101,070	11,161,584	196,766	(1,432,194)	9,926,156
Depreciation and amortization	202,855	4,313	40,963	-	74	-	248,205	457,222	-	705,427
Total expenses	$ 13,517,595	$ 1,283,541	$ 1,567,300	$ 458,432	$ 1,386,891	$ 160,789	$ 18,374,548	$ 653,988	$ (1,432,194)	$ 17,596,342

	Fundraising Operating
Special event costs not included above:	
Venue and catering expenses	$ 132,564
Other direct expenses	31,216
Total	$ 163,780

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

	Meals on Wheels San Antonio	MOWSA Real Estate	Eliminations	Consolidated
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
Loss on disposal of assets	37,746	-	-	37,746
Realized and unrealized gain on investments	(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)
Pledges receivable	793,060	-	-	793,060
Inventory	112,345	-	-	112,345
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 and Cash Equivalents at End of Year	$ 279,772	$ 963,774	$ -	$ 1,243,546
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
Consolidating Statements of Cash Flows
Years Ended June 30, 2023

	Meals on Wheels San Antonio	MOWSA Real Estate	Eliminations	Consolidated
Operating Activities				
Change in net assets	$ (2,627,575)	$ 160,287	$ 634,497	$ (1,832,791)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	239,416	325,081	-	564,497
Amortization, debt issuance costs	8,789	132,141	-	140,930
Bad debt	35,468	-	-	35,468
Discount on pledges	(2,261)	-	-	(2,261)
Realized and unrealized gain on investments	(411,782)	-	-	(411,782)
Noncash contribution received	(146,440)	-	-	(146,440)
Noncash operating lease expense	410,527		(471,298)	(60,771)
Change in operating assets and liabilities:				-
Accounts receivable	(72,739)	-	-	(72,739)
Intercompany receivable / payable	866,076	(866,076)	-	-
Pledges receivable	(239,169)	-	-	(239,169)
Inventory	(264,390)	-	-	(264,390)
Prepaid expenses and other assets	53,775	-	-	53,775
Accounts payable	410,242	(958,823)	-	(548,581)
Accrued liabilities	31,840	-	-	31,840
Deferred revenue	91,530	-	-	91,530
Operating lease liabilities	223,970	-	(163,199)	60,771
Net cash provided by operating activities	(1,392,723)	(1,207,390)	-	(2,600,113)
Investing Activities				
Purchases of property and equipment	(1,243,430)	(7,620,402)	-	(8,863,832)
Net investment activity	(967)	-	-	(967)
Net cash (used) by investing activities	(1,244,397)	(7,620,402)	-	(8,864,799)
Financing Activities				
Repayments on notes payable	(36,738)	-	-	(36,738)
Proceeds from contributions restricted for long-term purposes	584,528	-	-	584,528
Net cash provided by financing activities	547,790	-	-	547,790
Net change in cash and cash equivalents	(2,089,330)	(8,827,792)	-	(10,917,122)
Cash and cash equivalents at beginning of year	3,852,608	11,913,718	-	15,766,326
Cash and Cash Equivalents at End of Year	$ 1,763,278	$ 3,085,926	$ -	$ 4,849,204
Supplemental Disclosures				
Cash paid for interest	$ 151,714	$ 97,772	$ -	$ 249,486
Cash paid for income taxes	-	-	-	-

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. This service is 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 and is supported by program fees.

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.

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.

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.

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: 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.

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 for NMTC includes restricted cash funds required under financing agreements related to its New Market Tax Credit transaction (see Note N).

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 $25,998 at June 30, 2024, and $24,965 at June 30, 2023. Accounts receivable from program services totaled $91,493 at July 1, 2022, the beginning of the earliest year presented.

Allowance for Expected Credit Losses: The Organization recognizes an allowance for losses on accounts receivable in an amount equal to the current expected credit losses. The estimate of the allowance is based on an analysis of historical loss experience, current receivable aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Organization assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible.

Inventory: Inventory consists of food and supplies and is valued at the lower of cost or market on a first-in, first-out basis. Donated items are recorded at estimated fair value at the date of donation.

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 $41,000 in 2024 and $29,000 in 2023. 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 contributed 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.

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 2024 or 2023.

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

Compensated Absences: Employees are entitled to paid time off, depending on job classification and length of service. The consolidated 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: The Organization determines if an arrangement is an operating lease or financing lease at commencement. The Organization has determined that it has no finance lease arrangements at June 30, 2024 or 2023. For all other leases, 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. The Organization generally uses its incremental borrowing rate for real estate leases, which is based on information available at the lease commencement date, to determine the present value of lease payments. For office equipment, the Organization utilizes the risk-free discount rate, according to its elected policy for this class of assets.

Benefit Plan: The Organization sponsors a 403(b) Plan for substantially all full-time employees who are age 21 and are automatically enrolled in the Plan at 3% of their compensation. The Organization matches 100% of the employee contribution up to 4% of compensation. In addition, the Organization contributes a base contribution of 1% of employee compensations. Employees are 100% vested in the Organization's contribution following three years of service. The Organization contributed $180,000 in 2024 and $172,000 in 2023 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 $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.

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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Reclassification: Certain amounts previously reported have been reclassified to maintain consistency between periods presented. The reclassifications, none of which were significant, had no effect on the previously reported change in net assets.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. 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 Loses 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 Company 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.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – continued

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee is required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. The Organization adopted the new standard effective July 1, 2022. Consistent with the optional transition method allowed as part of the modified retrospective transition approach provided in ASU No. 2018-11, the Organization did not adjust the comparative prior year presentation. The Organization also elected to apply the package of practical expedients allowed, whereby it did not reassess whether any expired or existing contracts are, or contain, leases; it did not reassess the lease classification for any expired or existing leases, it did not reassess initial costs for existing leases. The adoption resulted in the addition of operating lease right-of-use assets on the statement of financial position for the right to use the underlying assets of operating leases. The Organization elected to use hindsight for transition when considering judgments and estimates such as assessments of lessee option to extend or terminate a lease or purchase the underlying asset. In addition, the corresponding liability for the remaining balance of the operating leases is included in the liability section of the statement of financial position.

For all asset classes, the Organization elected to not recognize a right of use asset and lease liability for leases with a term of twelve months or less. The adoption of this Standard did not have a material adjustment to the consolidating statement of activities. At July 1, 2022, the Organization recognized a consolidated right-of-use assets of $81,023 and a corresponding lease liability of $85,236.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
June 30, 2024:			
Government fees and grants	$ 2,088,833	$ -	$ 2,088,833
Contracts	789,774	-	789,774
Other	39,105	-	39,105
Total accounts receivable	2,917,712	-	2,917,712
Less allowance for credit losses	(25,998)	-	(25,998)
Accounts receivable, net	$ 2,891,714	$ -	$ 2,891,714
June 30, 2023:			
Government fees and grants	$ 1,262,603	-	$ 1,262,603
Contracts	379,257	-	379,257
Total accounts receivable	1,641,860	-	1,641,860
Less allowance for credit losses	(24,965)	-	(24,965)
Accounts receivable, net	$ 1,616,895	$ -	$ 1,616,895

NOTE C - PLEDGES

Pledges receivable consist of the following at June 30:

	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
June 30, 2024:			
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 doubful accounts	(15,968)	-	(15,968)
Pledges, net	$ 88,583	$ -	$ 88,583
June 30, 2023:			
Due within one year	$ 810,344	$ -	$ 810,344
Due in years two to five	97,729	-	97,729
Total pledges	908,073	-	908,073
Less present value discount	(12,479)	-	(12,479)
Less allowance for doubful accounts	(8,720)	-	(8,720)
Pledges, net	$ 886,874	$ -	$ 886,874

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
June 30, 2024:			
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
Construction in-progress	-	-	-
Total property and equipment	5,461,486	19,459,989	24,921,475
Less accumulated depreciation	(2,069,534)	(913,734)	(2,983,268)
Property and equipment, net	$ 3,391,952	$ 18,546,255	$ 21,938,207
June 30, 2023:			
Land	$ 632,956	$ 2,137,552	$ 2,770,508
Building and improvements	1,199,285	14,328,553	15,527,838
Vehicles	1,140,154	-	1,140,154
Furniture, fixtures and equipment	1,313,913	2,139,076	3,452,989
Construction in-progress	852,803	-	852,803
Total property and equipment	5,139,111	18,605,181	23,744,292
Less accumulated depreciation	(2,364,230)	(325,081)	(2,689,311)
Property and equipment, net	$ 2,774,881	$ 18,280,100	$ 21,054,981

NOTE E - ENDOWMENTS

The endowment funds consist of 3 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.

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, 2024 and 2023, 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:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2024:			
Gift held in perpetuity	$ -	$ 170,051	$ 170,051
Accumulated earnings	-	153,159	153,159
Total Endowments	$ -	$ 323,210	$ 323,210
June 30, 2023:			
Gift held in perpetuity	$ -	$ 170,051	$ 170,051
Accumulated earnings	-	83,026	83,026
Total Endowments	$ -	$ 253,077	$ 253,077

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, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2024:			
Endowments, beginning of the year	$ -	$ 253,077	$ 253,077
Net investment activity	-	70,133	70,133
	$ -	$ 323,210	$ 323,210
June 30, 2023:			
Endowments, beginning of the year	$ -	$ 212,799	$ 212,799
Net investment activity	-	40,278	40,278
	$ -	$ 253,077	$ 253,077

There are no underwater endowments for the years ending June 30, 2024 and 2023.

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.

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			
	Level 1	Level 2	Level 3	Total
June 30, 2024				
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	3,826,330	-	-	3,826,330
Investments endowed:				
Money market funds	7,346	-	-	7,346
Equities	315,864	-	-	315,864
Total at fair value	323,210	-	-	323,210
Total investments at fair value	$ 4,149,540	$ -	$ -	$ 4,149,540
June 30, 2023				
Investments available for operations:				
Money market funds	$ 160,044	$ -	$ -	$ 160,044
Equities	2,337,789	-	-	2,337,789
Bond mutual funds	679,605	-	-	679,605
Equity mutual funds	9,150	-	-	9,150
Total at fair value	3,186,588	-	-	3,186,588
Investments endowed:				
Money market funds	6,862	-	-	6,862
Equities	246,215	-	-	246,215
Total at fair value	253,077	-	-	253,077
Total investments at fair value	$ 3,439,665	$ -	$ -	$ 3,439,665

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: Valued at the closing price reported for the individual securities.
Mutual funds: Valued at the net asset value (NAV).

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:

	2024	2023
Meals on Wheels San Antonio:		
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. See below.	$ 6,806,937	$ 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.	68,193	114,419
Total	6,875,130	6,921,356
Less unamortized debt issuance costs	(2,197)	(10,986)
Notes payable, Meals on Wheels San Antonio	$ 6,872,933	$ 6,910,370

NOTE G - NOTES PAYABLE - continued

	2024	2023
MOWSA Real Estate:		
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.	819,000	819,000
Total	20,610,000	20,610,000
Less unamortized debt issuance costs	(561,604)	(693,745)
Notes payable, MOWSA Real Estate	$ 20,048,396	$ 19,916,255

NOTE G - NOTES PAYABLE - continued

Maturities on notes payable will require the following principal payments:

	Meals on Wheels San Antonio	MOWSA Real Estate	Consolidated
Year Ending June 30:			
2025	$ 6,854,819	$ -	$ 6,854,819
2026	20,311	-	20,311
2027		-	-
2028	-	-	-
2029	-	-	-
Thereafter	-	20,610,000	20,610,000
	$ 6,875,130	$ 20,610,000	$ 27,485,130

NMTC Notes Payable: The NMTC debt was obtained to finance the Organization's new facility which was completed in fiscal 2024. 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.

Management expects the NMTC Note Payable of $6,806,937 due September 29, 2024 to be refinanced with another major financial institution in the next several months. The Organization has asked for a 120 day extension from the current lender due to the Note being matured. The current lender is allowing the Organization to refinance the debt in an orderly fashion.

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:

	2024	2023
Board designated:		
Capital campaign	$ 1,200,000	$ 1,200,000
Kitchen equipment	65,000	65,000
Total board designated net assets	$ 1,265,000	$ 1,265,000
With donor restriction:		
Purpose restrictions -		
Capital campaign	$ 44,229	$ 780,123
Comfy Casas program	42,113	-
TeleHealth treatment	1,440	-
Equipment fund	35,000	35,000
Grace Place program	10,350	10,350
Passage of Time -		
Home delivered meals program	381,640	443,675
Restricted pledges, home meals program	28,500	149,550
Endowments -		
Corpus restricted in perpetuity	170,051	170,051
Accumulated gains available to spend	153,159	83,026
Total donor restricted net assets	$ 866,482	$ 1,671,775

NOTE I - OPERATING LEASES

Meals on Wheels San Antonio leases its building from MOWSA Real Estate, and has several equipment leases, generally with lease terms ranging from three to fifteen years. 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.

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

Year Ended June 30	
2025	267,862
2026	224,815
2027	198,410
2028	384,082
2029	800,758
Thereafter	26,529,380
Total minimum future payments	28,405,307
Less imputed interest	(14,209,066)
Present value of lease liability	14,196,241
Less elimination	(14,084,717)
Total lease right-of-use assets	$ 111,524

NOTE J - IN-KIND CONTRIBUTIONS

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

	2024	2023
Advertising	$ 5,800	$ 5,480
Client assistance	43,648	1,250
Food	43,206	18,335
Gala	3,500	6,809
Gift card	12,125	125
Other	30,669	2,197
Pet food	32,215	2,458
Professional services	2,743	2,214
Total noncash contributions	$ 173,906	$ 38,868

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. 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 $46,771 at June 30, 2024 and $44,808 at June 30, 2023, and contributions to the UST totaled $20,529 during the year ended June 30, 2024 and $17,948 during the year ended June 30, 2023.

NOTE L - ECONOMIC DEPENDENCY

A significant portion of the revenues earned by the Organization depends 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 $7,300,000 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.

NOTE - 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, 2024

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, 2024, 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 November 25, 2024.

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
November 25, 2024

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, 2024. 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, 2024.

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
November 25, 2024

MEALS ON WHEELS SAN ANTONIO AND MOWSA REAL ESTATE
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

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	$ 2,382,496
Passed-Through Texas Health and Human Services Commission			
Home Delivered Meals (TITLE XX)	93.045	000172500	1,301,761
Total ALN 93.045			3,684,257
Nutrition Service Incentive Program			
Passed-through Alamo Area Council of Governments			
Home Delivered Meals	93.053	539-16-0020-00001	1,484,056
Total Aging Cluster			5,168,313
Total U.S. Department of Health and Human Services			5,168,313
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	391,840
Total U.S. Department of Housing and Urban Development			391,840
U.S. Department of Homeland Security			
Passed-through Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program - Phase 40	97.024	37-7886-00-028	43,422
ARPA-R Passed-through Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program	97.024	37-7886-00-028	65,244
Total U.S. Department of Homeland Security			108,666
U.S. Department of Treasury			
Passed through City of San Antonio			
Covid-19 Coronavirus Relief Fund	21.019	460002259	208,245
Passed through Bexar County			
Covid-19 Coronavirus Relief Fund	21.027	SLFRP1970	1,370,920
Total U.S Department of Treasury			1,579,165
Total Expenditures of Federal Awards			**$ 7,247,984**

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, 2024. 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, 2024.

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	$ 7,247,984
Non-federal government grants and contracts	2,200,429
Total Government Agency fees and grants	$ 9,448,413

Section I - Summary of Auditors' Results	**Description**
Financial Statements	
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
Federal Awards	
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:	
Name of Federal Program or Cluster:	AL Number
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
U.S Department of Treasury	
Covid-19 Coronavirus Relief Fund	21.027
Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III – Federal Awards Findings

None

Section IV – Summary of Prior Audit Findings

None