

Meals-On-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended September 30, 2025 and 2024



MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY
Financial Statements and Supplemental Information
Years Ended September 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County (a non-profit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Financial Statements section of our report. We are required to be independent of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 February 3, 2026, on our consideration of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
February 3, 2026

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY
Statements of Financial Position
September 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 444,408	\$ 327,048
Restricted cash	1,824,984	131,367
Short-term investments	1,006,437	2,793,816
Accounts receivable, net of allowance for credit losses	442,691	397,282
Current portion of promises to give	35,964	1,030,000
Prepaid expenses and other current assets	155,092	163,623
Inventory	-	31,766
Total Current Assets	<u>3,909,576</u>	<u>4,874,902</u>
Noncurrent Assets:		
Long-term investments	3,578,729	4,501,056
Beneficial interest in assets held by others - endowment fund	2,113,390	933,359
Promises to give, net of current portion and discount	20,988	35,632
Right-of-use asset - operating leases, net of accumulated amortization	1,655,538	1,610,610
Right-of-use asset - finance leases, net of accumulated amortization	15,744	28,687
Property and equipment, net of accumulated depreciation	18,995,418	18,963,964
Deposits	16,836	14,436
Total Noncurrent Assets	<u>26,396,643</u>	<u>26,087,744</u>
Total Assets	<u><u>\$ 30,306,219</u></u>	<u><u>\$ 30,962,646</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 417,995	\$ 1,127,449
Accrued expenses	425,999	441,081
Current portion of long-term debt	279,581	266,165
Current portion of lease liabilities - operating lease	199,845	161,888
Current portion of lease liabilities - finance leases	9,557	15,602
Deferred revenue	22,092	-
Total Current Liabilities	<u>1,355,069</u>	<u>2,012,185</u>
Noncurrent Liabilities:		
Long-term debt, net of current portion	11,281,199	11,560,780
Lease liabilities - operating lease, net of current portion	1,524,995	1,497,734
Lease liabilities - finance leases, net of current portion	-	9,557
Total Noncurrent Liabilities	<u>12,806,194</u>	<u>13,068,071</u>
Total Liabilities	<u>14,161,263</u>	<u>15,080,256</u>
Net Assets:		
Without Donor Restrictions	9,013,299	8,319,886
With Donor Restrictions	7,131,657	7,562,504
Total Net Assets	<u>16,144,956</u>	<u>15,882,390</u>
Total Liabilities and Net Assets	<u><u>\$ 30,306,219</u></u>	<u><u>\$ 30,962,646</u></u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Statement of Activities

Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Contributions	\$ 2,925,049	\$ 257,484	\$ 3,182,533
Fees for services	2,576,641	-	2,576,641
Bequests	776,625	551,493	1,328,118
Special events	780,409	-	780,409
Less: Special events expenses	(144,725)	-	(144,725)
	635,684	-	635,684
Government grants	2,438,060	-	2,438,060
Contributed nonfinancial assets	100,590	-	100,590
Investment return, net	80,797	416,543	497,340
Other income	286,775	-	286,775
Gain on sale of property and equipment	1,576,136	-	1,576,136
Net assets released from restrictions:			
Pursuant to endowment spending-rate	251,222	(251,222)	-
Satisfaction of program restrictions	1,405,145	(1,405,145)	-
Total Revenue and Support	13,052,724	(430,847)	12,621,877
Program and Supporting Expenses:			
Program services	10,364,987	-	10,364,987
Supporting services:			
Management and general	1,078,564	-	1,078,564
Fundraising	915,760	-	915,760
Total Supporting Services	1,994,324	-	1,994,324
Total Program and Supporting Expenses	12,359,311	-	12,359,311
Change in Net Assets	693,413	(430,847)	262,566
Net Assets, beginning	8,319,886	7,562,504	15,882,390
Net Assets, ending	\$ 9,013,299	\$ 7,131,657	\$ 16,144,956

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Statement of Activities

Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Contributions	\$ 2,285,280	\$ 1,388,489	\$ 3,673,769
Fees for services	2,897,335	-	2,897,335
Bequests	1,052,661	1,401,350	2,454,011
Special events	635,217	-	635,217
Less: Special events expenses	<u>(250,648)</u>	<u>-</u>	<u>(250,648)</u>
	384,569	-	384,569
Government grants	494,556	-	494,556
Contributed nonfinancial assets	102,668	-	102,668
Investment return, net	326,113	923,645	1,249,758
Other income	225,897	-	225,897
Net assets released from restrictions:			
Pursuant to endowment spending-rate	208,053	(208,053)	-
Satisfaction of program restrictions	<u>359,527</u>	<u>(359,527)</u>	<u>-</u>
Total Revenue and Support	8,336,659	3,145,904	11,482,563
Program and Supporting Expenses:			
Program services	9,074,526	-	9,074,526
Supporting services:			
Management and general	743,039	-	743,039
Fundraising	<u>826,122</u>	<u>-</u>	<u>826,122</u>
Total Supporting Services	1,569,161	-	1,569,161
Total Program and Supporting Expenses	10,643,687	-	10,643,687
Change in Net Assets	(2,307,028)	3,145,904	838,876
Net Assets, beginning	10,626,914	4,416,600	15,043,514
Net Assets, ending	\$ 8,319,886	\$ 7,562,504	\$ 15,882,390

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Statement of Functional Expenses

Year Ended September 30, 2025

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 3,441,848	\$ 479,083	\$ 456,594	\$ 935,677	\$ 4,377,525
Meal purchases	3,531,354	-	-	-	3,531,354
Depreciation	812,600	43,198	84,079	127,277	939,877
Interest	576,762	-	-	-	576,762
Occupancy	330,995	138,601	15,389	153,990	484,985
Payroll taxes	283,815	27,823	36,386	64,209	348,024
Employee benefits	237,544	25,327	24,894	50,221	287,765
Professional fees	64,566	199,794	-	199,794	264,360
Information technology	105,218	24,708	41,253	65,961	171,179
Travel	144,147	19,561	5,762	25,323	169,470
Supplies	103,366	19,271	5,905	25,176	128,542
General insurance	88,097	13,425	8,077	21,502	109,599
Printing and materials	8,661	1,208	97,684	98,892	107,553
Repairs and maintenance	85,618	11,364	3,885	15,249	100,867
Contributed nonfinancial assets	100,590	-	-	-	100,590
Telecommunications	81,508	6,918	5,401	12,319	93,827
Bank and merchant fees	31,795	20,226	29,806	50,032	81,827
401k match	61,549	7,209	6,428	13,637	75,186
Workers compensation	67,486	2,279	1,757	4,036	71,522
Postage	6,329	4,230	53,662	57,892	64,221
Capital campaign	58,854	-	-	-	58,854
Volunteer program	49,799	-	-	-	49,799
Other	39,112	4,857	4,725	9,582	48,694
Advertising and marketing	14,901	6,992	22,542	29,534	44,435
Staff and board development	22,466	10,722	5,223	15,945	38,411
Equipment leases and rentals	7,817	11,768	6,308	18,076	25,893
Credit loss	8,190	-	-	-	8,190
 Total Program and Supporting Expenses	 10,364,987	 1,078,564	 915,760	 1,994,324	 12,359,311
Special events	-	-	144,725	144,725	144,725
 Total Expenses	 \$ 10,364,987	 \$ 1,078,564	 \$ 1,060,485	 \$ 2,139,049	 \$ 12,504,036

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Statement of Functional Expenses

Year Ended September 30, 2024

	Supporting Services			Total Supporting Services	Total
	Program Services	Management and General	Fundraising		
Salaries	\$ 4,236,046	\$ 346,172	\$ 371,202	\$ 717,374	\$ 4,953,420
Meal purchases	2,200,538	-	-	-	2,200,538
Depreciation	388,168	18,572	18,572	37,144	425,312
Occupancy	389,854	19,989	8,188	28,177	418,031
Payroll taxes	329,809	23,831	26,858	50,689	380,498
Professional fees	136,923	154,686	8,172	162,858	299,781
Employee benefits	243,469	25,813	18,595	44,408	287,877
Repairs and maintenance	160,778	15,173	4,735	19,908	180,686
Information technology	90,091	24,018	26,967	50,985	141,076
Travel	126,154	9,542	3,307	12,849	139,003
Advertising and marketing	14,375	774	113,966	114,740	129,115
General insurance	77,933	19,475	9,034	28,509	106,442
Other	66,941	17,846	20,040	37,886	104,827
Contributed nonfinancial assets	102,668	-	-	-	102,668
Printing and materials	6,171	1,674	87,463	89,137	95,308
Bank and merchant fees	63,168	4,222	18,398	22,620	85,788
Telecommunications	71,510	7,801	4,788	12,589	84,099
Supplies	65,885	6,858	7,441	14,299	80,184
401k match	54,859	13,790	10,337	24,127	78,986
Credit loss	73,430	-	-	-	73,430
Workers compensation	64,694	4,557	1,410	5,967	70,661
Postage	6,067	6,406	42,725	49,131	55,198
Interest	42,145	3,471	3,967	7,438	49,583
Staff and board development	20,013	12,614	7,363	19,977	39,990
Volunteer program	28,357	1,895	8,260	10,155	38,512
Equipment leases and rentals	14,480	3,860	4,334	8,194	22,674
Total Program and Supporting Expenses	9,074,526	743,039	826,122	1,569,161	10,643,687
Special events	-	-	250,648	250,648	250,648
Total Expenses	\$ 9,074,526	\$ 743,039	\$ 1,076,770	\$ 1,819,809	\$ 10,894,335

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Statements of Cash Flows

Years Ended September 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 262,566	\$ 838,876
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	952,820	438,255
Gain on sale of property and equipment	(1,576,136)	-
Net realized and unrealized gains on investments	(169,167)	(734,669)
Change in value of beneficial interest in assets held by others - endowment	(133,068)	(72,900)
Non-cash operating lease expense	20,290	15,692
Endowment contributions	(551,493)	(1,401,350)
Changes in operating assets and liabilities:		
Accounts receivable, net	(45,409)	(71,328)
Promises to give, net	1,008,680	(1,065,632)
Prepaid expenses and other current assets	8,531	(95,780)
Inventory	31,766	14,709
Deposits	(2,400)	-
Accounts payable	(709,454)	755,160
Accrued expenses	(15,082)	32,777
Deferred revenue	22,092	-
Net Cash Flows Used by Operating Activities	<u>(895,464)</u>	<u>(1,346,190)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	6,515,008	6,558,374
Purchases of investments	(3,636,135)	(422,963)
Contributions to beneficial interests in assets held by others - endowment	(1,092,384)	(860,459)
Distributions from beneficial interests in assets held by others - endowment	45,421	-
Proceeds from the sale of property and equipment	2,385,908	-
Purchases of property and equipment	(1,781,103)	(7,450,892)
Net Cash Flows Provided (Used) by Investing Activities	<u>2,436,715</u>	<u>(2,175,940)</u>
Cash Flows from Financing Activities:		
Payments on long-term debt	(266,165)	(251,816)
Payments on finance lease obligations	(15,602)	(14,998)
Endowment contributions	551,493	1,401,350
Net Cash Flows Provided by Financing Activities	<u>269,726</u>	<u>1,134,536</u>
Net Change in Cash and Cash Equivalents and Restricted Cash	<u>1,810,977</u>	<u>(2,387,594)</u>
Cash and Cash Equivalents and Restricted Cash, beginning	<u>458,415</u>	<u>2,846,009</u>
Cash and Cash Equivalents and Restricted Cash, ending	<u>\$ 2,269,392</u>	<u>\$ 458,415</u>
Cash and Cash Equivalents and Restricted Cash Consist of the following:		
Cash and cash equivalents	\$ 444,408	\$ 327,048
Restricted cash	1,824,984	131,367
	<u>\$ 2,269,392</u>	<u>\$ 458,415</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid during the year, net of capitalized interest of \$541,530 in 2024	<u>\$ 576,762</u>	<u>\$ 49,582</u>
Supplemental Disclosure Non-Cash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 173,640</u>	<u>\$ 41,712</u>

See accompanying notes to financial statements.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County (the Organization) is a California nonprofit corporation formed in May of 1970. The Organization's purpose is to provide a variety of services throughout San Diego County to help senior adults remain independent. The Organization's primary program is meal delivery to senior adults throughout San Diego County. The Organization became active in January 1971, as the successor Organization to "Senior Adult Services," an unincorporated association.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash

Cash equivalents are highly liquid debt instruments with original maturities of three months or less. Temporary cash accounts are included with investment brokerage accounts. Restricted cash is limited in use for donor restricted purposes as well as for payment of building improvements and is held in a separate bank account as required.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and investments in debt securities at fair values in the statements of financial position. Investments acquired by gift are recorded at their fair market value at the date of the gift. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third-party transactions in the private market.

The Organization transferred assets to an endowment pool maintained by the Jewish Community Foundation of San Diego (JCF) under a custodial agreement where JCF provides professional fund management and administrative services. The assets are held for the sole benefit of the Organization. The Organization retains ownership of the assets, including the right to both income and principal, and may request distributions upon written authorization.

The endowment pool is a diversified investment pool that includes allocations to equity and fixed income securities, as well as alternative investments such as private assets and hedge funds. The Organization reports its investments in the endowment pool at fair value based on the underlying assets reported by the fund manager in the statements of financial position.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Investments, continued

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Realized and unrealized gains and losses are included in the changes in net assets in the statements of activities.

Investment return on restricted assets is reported as an increase in net assets without donor restrictions if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. Investments with a maturity period one year or less are considered short-term investments with all other investments classified as long-term investments.

Beneficial Interest in Assets Held by Others

The Organization established an endowment fund that is perpetual in nature and consists of amounts held and invested by the Rancho Santa Fe Foundation (RSFF) under an agency endowment fund agreement. The beneficial interest is reported at the fair market value of the fund as determined by the RSFF in the statements of financial position. Investment income of the fund, net of expenses, and any net realized and unrealized gains and losses, are included in investment income, net, in the statements of activities.

The Organization is the beneficiary under the agreement with the RSFF. The Organization does not exercise any control over the principal of the funds; however, certain amounts of these funds are made available quarterly to be expended by the Organization. Investment and spending policies for these endowment funds are determined solely by the RSFF. Variance power has been granted to the RSFF for the assets in the endowment funds. If the Organization ceases to exist or no longer performs its functions under the provisions of the agreement, the RSFF shall continue to administer and disburse fund assets in a manner deemed appropriate.

Accounts Receivable

Accounts receivable includes amounts due from contracts with customers as well as from state, local governments, and private sources. Accounts receivable arise in the normal course of operations and are recognized as meals and services are provided and when the Organization has met the terms and conditions of the contract or award and has billed for reimbursement.

It is the policy of management to establish an allowance for credit losses based on the review of outstanding receivables at year end, the length of time the receivable has been outstanding, historical trends, as well as current and past experience with clients. Management determined that an allowance for credit losses of \$74,831 and \$68,118 was necessary at September 30, 2025 and 2024, respectively.

Promises to Give

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes an unconditional promise to give. Promises to give expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. At September 30, 2025 and 2024, management determined that promises to give were fully collectible; therefore, no allowance was recorded.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Inventory

Inventory consists primarily of food and packing supplies used in food preparation and is valued at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Interest is capitalized in connection with the construction of major facilities until such time as the facilities become operational. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of three to 40 years.

Leases

The Organization has operating and finance leases of office buildings, copiers, and printers under agreements with contractual periods ranging from 1 to 5 years. Certain lease agreements contain scheduled rent escalation clauses and others include rental payments adjusted periodically depending on an index or rate. Some of the leases contain one or more options to extend. The exercise of lease renewal options is generally at the Organization's sole discretion. Options that are reasonably certain to be exercised, considering all relevant economic and financial factors, are included in the lease term.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees.

The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g., maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract. All variable payments not based on a market rate, or an index are expensed as incurred.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the risk-free rate.

Deferred Revenue

Deferred revenue represents amounts received from customers in advance of the delivery of meals and related services. These amounts are recognized as revenue when the related meals are delivered, at which time the Organization has satisfied its performance obligation. Payments received prior to meal delivery are recorded as deferred revenue and are included in current liabilities in the statements of financial position.

Revenue and Support

Revenues primarily consist of fee-for-service contracts, contributions, bequests and grants. The Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Fees for services revenue is from the delivery of meals based on a fixed price contract. Revenue is recognized as performance obligations are met, which is typically when services are performed.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Revenue and Support, continued

Contributions and bequests received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Government grants are recognized in the period in which the related work is performed or when qualified expenses are incurred in accordance with the terms of the grant or contract.

Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to expense as appropriate. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with various programs. The services do not meet the criteria for recognition as a contribution and are not reflected in the financial statements. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

Donated materials and equipment, with significant determinable values, are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Such items are capitalized or charged to operations as appropriate. The Organization receives donated services from unpaid volunteers who assist in fundraising and program services. No amounts have been recognized in the statements of activities for these services because the criteria for recognition as contributions of such volunteer efforts have not been satisfied. The fair market values of contributed professional services are reported as support and expense in the period in which the services are performed.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses (benefits, payroll taxes, etc.) and professional fees are allocated based on time and effort. All other expenses are broken out by accounts and are charged to the program or service based on direct usage or using full time equivalents as an allocation method.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended September 30, 2025 and 2024, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows the provisions of uncertain tax positions as addressed in the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the years ended September 30, 2025 and 2024.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Fair Value Measurements

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under US GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, other current assets, payables, and lease liabilities approximate fair values as of September 30, 2025 and 2024 due to the relative short maturities of these instruments.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025 and 2024.

Money market funds: Valued at the closing price reported on the active market on which the securities are traded.

Mutual funds: Valued at the closing price reported on the active market on which the securities are traded.

Investments held at JCF in the Endowment Pool: Valued at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, JCF.

Beneficial interest in assets held by others – Endowment Fund: Valued at fair value based on the fair value of the underlying assets.

Advertising

The Organization follows the policy of charging the cost of advertising to expense as incurred.

Subsequent Events

The Organization has evaluated subsequent events through February 3, 2026, which is the date the financial statements were available to be issued.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**

Years Ended September 30, 2025 and 2024

Note 2 - Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the statement of financial position date.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,269,392	\$ 458,415
Accounts receivable, net of allowance for credit losses	442,691	397,282
Investments	4,585,166	7,294,872
Promises to give, net of discount	<u>56,952</u>	<u>1,065,632</u>
 Total Financial Assets	 7,354,201	 9,216,201
 Less amounts not available for general expenditures within one year:		
Restricted by donor - time or purpose restrictions	(439,537)	(1,587,198)
Restricted by donor - endowment	<u>(4,578,730)</u>	<u>(5,041,947)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 2,335,934	 \$ 2,587,056

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Organization is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has donor-restricted endowment funds of \$4,578,730 and \$5,041,947 at September 30, 2025 and 2024, respectively. Endowment income is restricted for programs and operations that are ongoing, major, and central to the Organization's mission and is therefore considered available for general expenditure. The endowment has a spending rate of 5 percent and appropriations from endowment income of approximately \$228,937 are estimated to be available within the next 12 months.

Additionally, the Organization has an endowment fund held and managed by RSFF with balances of \$2,113,390 and \$933,359 at September 30, 2025 and 2024, respectively. In accordance with the endowment gift terms, the Organization intends to use the interest earned to supplement funding for North County operations.

Note 3 - Risk and ConcentrationsConcentrations of Credit Risk

The Organization maintains its cash at various financial institutions. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. The Organization's account balances may, at times, exceed the limits.

Accounts Receivable

During the years ended September 30, 2025 and 2024, the Organization had two customers that comprised 52% and 43% of accounts receivable, respectively.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**

Years Ended September 30, 2025 and 2024

Note 3 - Risk and Concentrations, continuedPromises to Give

During the years ended September 30, 2025 and 2024, the Organization had two and one donors that comprised 99% and 93% of promises to give, respectively.

Contribution Revenue

During the years ended September 30, 2025 and 2024, the Organization had one donor that comprised 16% and 27% of contribution revenue, respectively.

Bequests

During the years ended September 30, 2025 and 2024, the Organization had four donors that comprised 81% and 95% of bequests, respectively.

Government Grant Revenue

During the years ended September 30, 2025 and 2024, the Organization had one and two agencies that comprised 96% and 74% of government grant revenue, respectively.

Note 4 - Promises to Give

Promises to give consist of the following on the statements of financial position at September 30:

	<u>2025</u>	<u>2024</u>
Current portion	\$ 35,964	\$ 1,030,000
Noncurrent portion, net of discount	<u>20,988</u>	<u>35,632</u>
	<u><u>\$ 56,952</u></u>	<u><u>\$ 1,065,632</u></u>

Promises to give consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ 35,964	\$ 1,030,000
Due in one to five years	<u>25,416</u>	<u>40,060</u>
Total gross promises to give	<u><u>61,380</u></u>	<u><u>1,070,060</u></u>
Less discount to net present value (4.86%)	<u>(4,428)</u>	<u>(4,428)</u>
Promises to give, net	<u><u>\$ 56,952</u></u>	<u><u>\$ 1,065,632</u></u>

Note 5 - Investments and Fair Value Measurement

Investments consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Short-term investments	\$ 1,006,437	\$ 2,793,816
Long-term investments	<u>3,578,729</u>	<u>4,501,056</u>
	<u><u>\$ 4,585,166</u></u>	<u><u>\$ 7,294,872</u></u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 5 - Investments and Fair Value Measurement, continued

The following is a schedule of investments and beneficial interest in assets held by others at fair value, by level within the fair value hierarchy at September 30, 2025:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 1,769,961	\$ -	\$ -	\$ 1,769,961
Mutual Funds:				
Fixed income taxable	700,181	-	-	700,181
Domestic large-cap blend	384,498	-	-	384,498
Domestic mid-cap growth	224,821	-	-	224,821
Foreign large-cap blend	192,940	-	-	192,940
Domestic small-cap blend	114,367	-	-	114,367
Real estate	96,631	-	-	96,631
Diversified emerging markets	62,720	-	-	62,720
Commodities	16,975	-	-	16,975
Pooled Endowment:				
Jewish Community Foundation	-	-	1,022,072	1,022,072
Total Investments	3,563,094	-	1,022,072	4,585,166
Beneficial Interest in Assets Held by Others:				
Permanent endowment fund:				
Rancho Santa Fe Foundation	-	-	2,113,390	2,113,390
Total Fair Value Measurement	\$ 3,563,094	\$ -	\$ 3,135,462	\$ 6,698,556

The following is a summary of changes in the fair value of level 3 investments and beneficial interest in assets held by others at September 30, 2025:

	Pooled Endowment	Beneficial Interest In Assets Held By Others	Total
Fair value, beginning	\$ -	\$ 933,359	\$ 933,359
Contributions	-	551,493	551,493
Transfers	1,000,000	540,891	1,540,891
Distributions	-	(45,421)	(45,421)
Investment return, net	22,072	133,068	155,140
Fair value, ending	\$ 1,022,072	\$ 2,113,390	\$ 3,135,462

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**

Years Ended September 30, 2025 and 2024

Note 5 - Investments and Fair Value Measurement, continued

The following is a schedule of investments and beneficial interest in assets held by others at fair value, by level within the fair value hierarchy at September 30, 2024:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 2,823,048	\$ -	\$ -	\$ 2,823,048
Mutual Funds:				
Fixed income taxable	1,534,623	-	-	1,534,623
Domestic large-cap blend	692,184	-	-	692,184
Domestic mid-cap growth	666,824	-	-	666,824
Foreign large-cap blend	527,572	-	-	527,572
Domestic small-cap blend	449,513	-	-	449,513
Real estate	316,116	-	-	316,116
Diversified emerging markets	236,858	-	-	236,858
Commodities	37,380	-	-	37,380
Financial	10,754	-	-	10,754
Total Investments	7,294,872	-	-	7,294,872
Beneficial Interest in Assets Held by Others:				
Permanent endowment fund:				
Rancho Santa Fe Foundation	-	-	933,359	933,359
Total Fair Value Measurement	\$ 7,294,872	\$ -	\$ 933,359	\$ 8,228,231

The following is a summary of changes in the fair value of level 3 beneficial interest in assets held by others at September 30, 2024:

Fair value, beginning	\$ -
Contributions	860,459
Investment return, net	72,900
Fair value, ending	\$ 933,359

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 6 - Property and Equipment

Property and equipment consist of the following at September 30:

	2025	2024
Building	\$ 11,712,197	\$ 11,290,790
Land	6,287,465	6,662,036
Kitchen equipment and supplies	1,463,823	1,082,169
Vehicles	889,449	977,134
Furniture and equipment	835,120	799,693
Computers	309,431	305,077
	21,497,485	21,116,899
Less accumulated depreciation	(2,502,067)	(2,152,935)
	\$ 18,995,418	\$ 18,963,964

Note 7 - Long-Term Debt

Long-term debt consists of the following at September 30:

	2025	2024
Note payable to a financial institution, due in aggregate monthly payments starting at \$21,240, including interest at 4.86%, matures August 2048.	\$ 11,560,780	\$ 11,826,945
Less current portion of long-term debt	<u>(279,581)</u>	<u>(266,165)</u>
	\$ 11,281,199	\$ 11,560,780

Future principal payments of long-term debt at September 30, 2025 are as follows:

<u>Year Ending September 30,</u>	
2026	\$ 279,581
2027	293,673
2028	306,971
2029	323,947
2030	340,275
Thereafter	<u>10,016,333</u>
	\$ 11,560,780

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**

Years Ended September 30, 2025 and 2024

Note 8 - Contributed Nonfinancial Assets

The Organization recognized contributed nonfinancial assets within revenue, including event tickets, event auction items, food, gift cards, senior client care packages, and other miscellaneous items. Contributed nonfinancial assets are valued and reported at the estimated fair value in the financial statements based on current rates for similar products. Contributed nonfinancial assets solicited for use at special events, such as the auction held in conjunction with the annual gala, are monetized.

Many individuals donate their time in performing a variety of tasks to assist the Organization's operations. In addition to the amounts recognized in the statements of activities, management estimates the Organization received approximately 118,956 volunteer hours with an estimated value of \$2,051,991 valued at \$17.25 per hour for the year ended September 30, 2025 and 211,070 volunteer hours with an estimated value of \$3,799,260 valued at \$18 per hour for the year ended September 30, 2024.

Note 9 - Restrictions on Net Assets

Net assets with donor restrictions consist of the following at September 30:

	2025	2024
Time and Purpose Restrictions:		
Capital campaign - Kitchen & Senior Innovation Hub	\$ 216,676	\$ 1,127,827
Board leadership	87,876	97,876
Volunteers	65,821	67,793
Food and packaging	34,032	154,172
Senior and veteran clients	29,352	26,961
Meal scholarship	2,812	4,737
Staff travel and compensation	1,508	41,748
Other	1,460	1,460
Electric vehicles	-	50,000
Occupancy/facility	-	14,624
	439,537	1,587,198
Endowments:		
Subject to spending policy and appropriation when a specified event occurs:		
Earnings on endowment funds - general use	1,534,670	1,456,996
Beneficial interest in assets held by others - endowment funds	160,547	72,900
	1,695,217	1,529,896
Perpetual in nature:		
General	2,044,060	3,044,060
Beneficial interest in assets held by others - endowment funds	1,952,843	860,459
Restricted cash designated for endowment	1,000,000	540,891
	4,996,903	4,445,410
	\$ 7,131,657	\$ 7,562,504

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Notes to Financial Statements**

Years Ended September 30, 2025 and 2024

Note 9 - Restrictions on Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows for the years ended September 30:

	2025	2024
Satisfaction of time and purpose restrictions		
Capital campaign - Kitchen & Senior Innovation Hub	\$ 1,127,827	\$ -
Food and packaging	139,020	338,837
Electric vehicles	50,000	-
Staff travel and compensation	40,240	-
Volunteers	18,008	6,050
Occupancy/facility	14,624	-
Board leadership	10,000	-
Senior and veteran clients	3,501	14,640
Meal scholarship	1,925	-
	<u>1,405,145</u>	<u>359,527</u>
Distribution from endowment earnings	<u>251,222</u>	<u>208,053</u>
	<u><u>\$ 1,656,367</u></u>	<u><u>\$ 567,580</u></u>

Note 10 - Leasing Arrangements

The following summarizes operating and finances leases as of September 30:

	2025	2024
<u>Operating Leases</u>		
Operating lease right-of-use-assets	<u><u>\$ 1,655,538</u></u>	<u><u>\$ 1,610,610</u></u>
Current portion of operating lease liabilities	<u><u>\$ 199,845</u></u>	<u><u>\$ 161,888</u></u>
Operating lease liabilities, net of current portion	<u><u>1,524,995</u></u>	<u><u>1,497,734</u></u>
	<u><u>\$ 1,724,840</u></u>	<u><u>\$ 1,659,622</u></u>
<u>Finance Leases</u>		
Property and equipment	<u><u>\$ 54,573</u></u>	<u><u>\$ 54,573</u></u>
Accumulated amortization	<u><u>(38,829)</u></u>	<u><u>(25,886)</u></u>
	<u><u>\$ 15,744</u></u>	<u><u>\$ 28,687</u></u>
Current portion of finance lease liabilities	<u><u>\$ 9,557</u></u>	<u><u>\$ 15,602</u></u>
Finance lease liabilities, net of current portion	<u><u>-</u></u>	<u><u>9,557</u></u>
	<u><u>\$ 9,557</u></u>	<u><u>\$ 25,159</u></u>

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 10 - Leasing Arrangements, continued

The amounts contractually due on lease liabilities as of September 30, 2025 were as follows:

Year Ending September 30,	Operating	Finance
2026	\$ 265,100	\$ 9,697
2027	268,262	-
2028	244,194	-
2029	242,733	-
2030	244,237	-
Thereafter	745,894	-
 Total lease payments	 2,010,420	 9,697
Less amount representing imputed interest	(285,580)	(140)
 Present value of lease liabilities	 \$ 1,724,840	 \$ 9,557

The following summarizes the line items in the statements of activity which include the components of lease expense for the year ended September 30:

	2025	2024
 Operating leases:		
Operating lease expense, included in occupancy	\$ 262,727	\$ 239,773
 Finance leases:		
Amortization of lease assets, included in equipment leases and rentals	12,943	12,943
Interest on lease liabilities, included in equipment leases and rentals	672	1,277
Sublease income, included in other income	(272,430)	(24,790)
 Total lease cost	 \$ 3,912	 \$ 229,203

Supplemental cash flow information related to leases were as follows at September 30:

	2025	2024
 Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 723	\$ 1,327
Financing cash flows from finance leases	\$ 15,551	\$ 14,948
Operating cash flows from operating leases	\$ 240,709	\$ 212,464
 Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 173,640	\$ 41,712

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 10 - Leasing Arrangements, continued

Supplemental statements of financial position information related to leases were as follows at September 30:

	2025	2024
Weighted average remaining lease term - Operating leases	7.63	8.48
Weighted average remaining lease term - Finance leases	1.92	2.59
Weighted average discount rate - Operating leases	4.05%	3.68%
Weighted average discount rate - Finance leases	3.90%	3.94%

Note 11 - Pension Plan

The Organization has a 401(k) Profit Sharing Plan covering all full-time employees that are at least 21 years old, have completed one year of service, and work 1,000 hours during the calendar year. A qualified employee is fully vested after four years. Funding of the plan is made at the discretion of management. Total pension expense was \$75,186 and \$78,986 for the years ended September 30, 2025 and 2024, respectively.

Note 12 - Endowments

The Organization's endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Organization in a manner that is consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 12 - Endowments, continued

At September 30, 2025, the endowment net assets composition by type of fund consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor:			
Endowments	\$ -	\$ 3,044,060	\$ 3,044,060
Beneficial interest in assets held by RSFF	-	1,952,843	1,952,843
Accumulated investment gains:			
Endowments	-	1,534,670	1,534,670
Beneficial interest in assets held by RSFF	-	160,547	160,547
	<hr/>	<hr/>	<hr/>
	\$ -	\$ 6,692,120	\$ 6,692,120

At September 30, 2024, the endowment net assets composition by type of fund consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor:			
Endowments	\$ -	\$ 3,584,951	\$ 3,584,951
Beneficial interest in assets held by RSFF	-	860,459	860,459
Accumulated investment gains:			
Endowments	-	1,456,996	1,456,996
Beneficial interest in assets held by RSFF	-	72,900	72,900
	<hr/>	<hr/>	<hr/>
	\$ -	\$ 5,975,306	\$ 5,975,306

Changes in endowment net assets for the year ended September 30, 2025, consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,975,306	\$ 5,975,306
Contributions	-	551,493	551,493
Appropriated expenditures	-	(251,222)	(251,222)
Investment return, net	-	416,543	416,543
Endowment net assets, end of year	<hr/>	<hr/>	<hr/>
	\$ -	\$ 6,692,120	\$ 6,692,120

During the year ended September 30, 2024, the Organization received a donor-restricted contribution of \$540,891, which was included in endowments at September 30, 2024. During the year ended September 30, 2025, the Organization transferred these assets into beneficial interest in assets held by RSFF.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

Note 12 - Endowments, continued

Changes in endowment net assets for the year ended September 30, 2024, consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 3,858,364	\$ 3,858,364
Contributions	-	1,401,350	1,401,350
Appropriated expenditures	-	(208,053)	(208,053)
Investment return, net	-	923,645	923,645
Endowment net assets, end of year	\$ -	\$ 5,975,306	\$ 5,975,306

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowments and increase the value of the original contributed capital by an amount not less than the annual increase in the Consumer Price Index (CPI). In order to meet this objective, the endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 6% plus the annual rate of inflation (Target Return) over ten years. In achieving the Target Return, the Organization seeks to maintain a level of portfolio risk, as measured by the annualized monthly standard deviation, commensurate with the portfolio's market-related index. The market-related index is made up of selected market indices that are representative of the asset classes in which the portfolio is invested and which is weighted in the same percentages as the asset classes in which the portfolio is invested.

Investment Strategy

The investment strategy of the Organization is to develop a diversified portfolio of investments. For equity investments, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve the Target Return, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

The Organization has a policy of appropriating for distribution each year an amount equal to 5% of the average balance of the assets associated with the endowments. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at the average annual rate of inflation over ten years. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. The spending rate policy is reviewed annually by the Finance Committee.

Note 13 - Reclassifications

Certain amounts presented in the statement of functional expenses for the year ended September 30, 2024, have been reclassified to conform to the current year presentation. Specifically, food packaging was combined with meal purchases; contracts and leases was disaggregated to information technology, other, and equipment leases and rentals; other was disaggregated to bank and merchant fees and volunteer program; and 401k match was disaggregated from employee benefits. Additionally, fee for services (non-employee) was renamed professional fees. Such reclassifications had no effect on previously reported changes in net assets.

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

To the Board of Trustees
of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon February 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's internal control.

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

Our consideration of the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
February 3, 2026

SUPPLEMENTAL INFORMATION

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 Trustees
of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's 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 Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's major federal programs for the year ended September 30, 2025. Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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 Greater San Diego, Inc. dba Meals on Wheels San Diego County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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 grant agreements applicable to Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's federal programs.

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 Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance 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 judgment made by a reasonable user of the report on compliance about Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County's compliance with the requirements of each major federal program as a whole.

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

Auditor's Responsibilities for the Audit of Compliance, continued

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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 Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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 Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County'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 weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of 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 were not identified.

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

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

Aldrich CPAs + Advisors LLP

San Diego, California
February 3, 2026

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Agency or Pass-Through Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<i>CDBG - Entitle/Special Purpose Grants Cluster:</i>				
Pass-Through Awards:				
County of San Diego Health & Human Services Agency:				
Community Development Block Grant Program	14.218	572853	\$ -	206,281
City of Chula Vista:				
Community Development Block Grant Program	14.218	2024-119	-	25,000
City of El Cajon:				
Community Development Block Grant Program	14.218	C114-2025	-	25,000
City of San Marcos:				
Community Development Block Grant Program	14.218	4216	-	13,050
City of Encinitas:				
Community Development Block Grant Program	14.218	B-23-MV-06-0574	-	10,000
City of Vista:				
Community Development Block Grant Program	14.218	4205	-	10,000
City of Santee:				
Community Development Block Grant Program	14.218	B-22-MC-06-0568	-	5,730
Total U.S. Department of Housing and Urban Development			-	295,061
<u>U.S. Department of Health and Human Services</u>				
<i>Aging Cluster:</i>				
Pass-Through Awards:				
County of San Diego Health & Human Services Agency:				
Title III, Part C, Nutrition Services	93.045	570906	-	1,538,313
Infrastructure	93.045	570906	-	367,984
Total U.S. Department of Health and Human Services			-	1,906,297
Total Expenditures of Federal Awards			\$ -	\$ 2,201,358

See independent auditor's report and notes to schedule of expenditures of federal awards.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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 3 - Indirect Cost Rate

Meals-on-Wheels Greater San Diego, Inc. dba Meals on Wheels San Diego County did not elect to use the 10% de minimis cost rate as covered in the Uniform Guidance 2.CFR.200.414 Indirect costs.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY**Schedule of Findings and Questioned Costs**Year Ended September 30, 2025

Section I – Summary of Auditor’s Results**Financial Statements**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> x none identified
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> x no
Noncompliance material to the financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> x no

Federal Awards

Internal control over major programs:		
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> x none identified
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> x no

Type of auditor's report issued on compliance for major programs	Unmodified	
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2.CFR.200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> x no
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Identification of major programs:

<u>Federal Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>	
93.045	Aging Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,000,000	
Auditee qualified as a low-risk auditee under the Uniform Grant Guidance, 2.CFR.200.520?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> x no

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

MEALS-ON-WHEELS GREATER SAN DIEGO, INC. DBA MEALS ON WHEELS SAN DIEGO COUNTY

Schedule of Prior Year Findings

Year Ended September 30, 2025

Section IV – Schedule of Prior Year Findings

A single audit was not required to be completed for the year ended September 30, 2024.