

SAN ANTONIO METROPOLITAN MINISTRY, INC. dba SAMMINISTRIES

Audited Consolidated Financial
Statements and Single Audit Reports

September 30, 2025



ADKF

CERTIFIED PUBLIC ACCOUNTANTS

SAN ANTONIO METROPOLITAN MINISTRY, INC.
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September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Antonio Metropolitan Ministry, Inc.
San Antonio, Texas

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of San Antonio Metropolitan Ministry, Inc. dba SAMMinistries (the Organization), which comprise the consolidated statements of financial position as of September 30, 2025, and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SAMMinistries as of September 30, 2025, and 2024, and its activities, functional expenses 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 Consolidated 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 our audit.

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 Consolidated Financial Statements

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

In preparing the consolidated 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 financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.
- Conclude whether, in our judgment, 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 consolidated financial statements as a whole. The schedule of expenditures of federal awards for the year ended September 30, 2025, 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 (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 30, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

ADKF, PC

ADKF, P.C.

San Antonio, Texas

June 30, 2026

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Consolidated Statements of Financial Position
September 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 92,441	\$ 233,649
Accounts receivable, net	3,330,738	3,267,464
Pledges receivable, net	4,000	262,918
Prepaid expenses	98,466	99,773
Total current assets	<u>3,525,645</u>	<u>3,863,804</u>
Other Assets:		
Investments, at fair value	2,178,735	2,521,064
Deposits and other assets	33,180	96,290
Real estate with grantor retained life estate	263,210	278,090
Operating lease right-of-use assets	553,313	425,091
Total other assets	<u>3,028,438</u>	<u>3,320,535</u>
Property and equipment, net	<u>12,284,882</u>	<u>11,774,295</u>
Total Assets	<u><u>\$ 18,838,965</u></u>	<u><u>\$ 18,958,634</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 3,330,424	\$ 3,121,861
Accrued expenses	1,164,931	611,372
Deferred revenue	121,396	362,158
Notes payable	2,234,805	2,088,822
Operating lease liabilities, current portion	207,124	99,313
Total current liabilities	<u>7,058,680</u>	<u>6,283,526</u>
Non-current Liabilities:		
Notes payable, non-current portion	6,851,627	7,486,199
Operating lease liabilities, non-current	351,761	326,886
Total non-current liabilities	<u>7,203,388</u>	<u>7,813,085</u>
Total Liabilities	14,262,068	14,096,611
Net Assets:		
Without donor restrictions	1,112,553	966,425
With donor restrictions	3,464,344	3,895,598
Total net assets	<u>4,576,897</u>	<u>4,862,023</u>
Total Liabilities and Net Assets	<u><u>\$ 18,838,965</u></u>	<u><u>\$ 18,958,634</u></u>

See notes to audited consolidated financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Consolidated Statements of Activities
Years Ended September 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support						
Government grants	\$ 15,358,817	\$ -	\$ 15,358,817	\$ 13,884,140	\$ -	\$ 13,884,140
Contributions	4,930,733	1,365,243	6,295,976	3,057,098	1,547,682	4,604,780
Other grants	879,206	-	879,206	635,345	-	635,345
Total public support	21,168,756	1,365,243	22,533,999	17,576,583	1,547,682	19,124,265
Revenue						
Rental income	473,927	-	473,927	530,189	-	530,189
Gain (loss) on disposal of long-term assets	(18,185)	-	(18,185)	1,500	-	1,500
Investment earnings, net of expenses	11,795	-	11,795	438,075	-	438,075
Interest and dividends	55,206	-	55,206	53,009	-	53,009
In-kind contributions	1,640,850	-	1,640,850	1,332,504	-	1,332,504
Other income	370,956	-	370,956	208,553	-	208,553
Total revenue	2,534,549	-	2,534,549	2,563,830	-	2,563,830
Total public support and revenue	23,703,305	1,365,243	25,068,548	20,140,413	1,547,682	21,688,095
Expenses						
Program services	20,230,081	-	20,230,081	17,869,349	-	17,869,349
Management and general	3,921,497	-	3,921,497	3,071,250	-	3,071,250
Fundraising	1,202,096	-	1,202,096	1,479,343	-	1,479,343
Total expenses	25,353,674	-	25,353,674	22,419,942	-	22,419,942
Change in Net Assets	(1,650,369)	1,365,243	(285,126)	(2,279,529)	1,547,682	(731,847)
Net assets released from restrictions	1,796,497	(1,796,497)	-	2,612,219	(2,612,219)	-
Net assets at beginning of year	966,425	3,895,598	4,862,023	633,735	4,960,135	5,593,870
Net Assets at End of Year	<u>\$ 1,112,553</u>	<u>\$ 3,464,344</u>	<u>\$ 4,576,897</u>	<u>\$ 966,425</u>	<u>\$ 3,895,598</u>	<u>\$ 4,862,023</u>

See notes to audited consolidated financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Consolidated Statement of Functional Expenses
Year Ended September 30, 2025

	Program Services	Management and General	Fundraising	Total
Salaries, taxes, and benefits	\$ 6,827,473	\$ 1,730,165	\$ 766,995	\$ 9,324,633
Advertising and promotion	-	500	64,493	64,993
Client services	7,292,920	6,890	14,035	7,313,845
Client services, pass through	1,640,850	-	-	1,640,850
Small equipment and leases	23,054	228,755	2,201	254,010
Contract and professional services	306,187	912,043	72,515	1,290,745
Insurance	27,895	222,432	-	250,327
Maintenance and repairs	223,808	8,082	25	231,915
Travel	90,742	5,320	460	96,522
Utilities and communications	676,490	193,640	2,159	872,289
Printing and postage	1,114	4,895	6,718	12,727
Direct mail	-	-	233,038	233,038
Rent	184,354	-	-	184,354
Resources	97,224	35,595	5,253	138,072
Security	2,148,923	2,773	-	2,151,696
Vehicle	-	6,188	3,624	9,812
Interest	119,464	327,104	-	446,568
Property taxes	21,263	23,532	-	44,795
Miscellaneous	13,306	47,739	30,580	91,625
Depreciation	535,014	165,844	-	700,858
Total expenses	<u>\$ 20,230,081</u>	<u>\$ 3,921,497</u>	<u>\$ 1,202,096</u>	<u>\$ 25,353,674</u>

See notes to audited consolidated financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Consolidated Statement of Functional Expenses
Year Ended September 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries, taxes, and benefits	\$ 6,556,141	\$ 1,287,148	\$ 728,879	\$ 8,572,168
Advertising and promotion	1,110	15,335	110,324	126,769
Credit loss expense	-	251	22,013	22,264
Client services	4,718,512	-	1,042	4,719,554
Client services, pass through	1,352,242	-	-	1,352,242
Small equipment and leases	34,843	225,315	34,792	294,950
Contract and professional services	966,264	684,259	239,707	1,890,230
Insurance	4,381	239,807	-	244,188
Maintenance and repairs	123,174	8,190	1,163	132,527
Travel	67,140	2,959	265	70,364
Utilities and communications	637,079	181,386	-	818,465
Printing and postage	3,995	7,226	101,629	112,850
Direct mail	-	-	162,030	162,030
Rent	126,671	-	-	126,671
Resources	157,526	73,051	10,541	241,118
Security	2,114,696	9,011	-	2,123,707
Vehicle	6,216	4,527	-	10,743
Interest	283,139	211,130	-	494,269
Property taxes	-	62,465	-	62,465
Miscellaneous	55,691	22,009	63,279	140,979
Depreciation	660,529	37,181	3,679	701,389
	<u>\$ 17,869,349</u>	<u>\$ 3,071,250</u>	<u>\$ 1,479,343</u>	<u>\$ 22,419,942</u>
Total expenses	<u>\$ 17,869,349</u>	<u>\$ 3,071,250</u>	<u>\$ 1,479,343</u>	<u>\$ 22,419,942</u>

See notes to audited consolidated financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ (285,126)	\$ (731,847)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Earnings) on investments, net	(67,001)	(429,234)
Non-cash operating lease expense	(128,222)	270,614
Gain (loss) on sale of property and equipment	18,185	(1,500)
Depreciation	700,858	701,389
Credit loss expense	-	22,264
Change in operating assets and liabilities:		
Accounts receivable	(63,274)	(1,687,168)
Pledges receivable	258,918	1,014,975
Prepaid expenses	1,307	(27,558)
Deposits and other assets	77,990	(94,929)
Accounts payable and accrued expenses	762,122	1,641,255
Operating lease liabilities	132,686	(276,232)
Deferred revenue	(240,762)	206,082
Net cash provided by operating activities	<u>1,167,681</u>	<u>608,111</u>
Investing Activities		
Net investment activity	409,330	246,573
Proceeds from sale of property and equipment	-	1,500
Purchases of property and equipment	<u>(1,229,630)</u>	<u>(346,004)</u>
Net cash (used) by investing activities	<u>(820,300)</u>	<u>(97,931)</u>
Financing Activities		
Principal payments on notes payable and line of credit	<u>(488,589)</u>	<u>(341,030)</u>
Net cash (used) by financing activities	<u>(488,589)</u>	<u>(341,030)</u>
Net change in cash and cash equivalents	(141,208)	169,150
Cash and cash equivalents, beginning of year	<u>233,649</u>	<u>64,499</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 92,441</u></u>	<u><u>\$ 233,649</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ 476,770	\$ 371,436
Cash paid for income taxes	-	-
Right-of-use assets obtained in exchange for lease liabilities	278,225	446,141

See notes to audited consolidated financial statements.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE A – ORGANIZATION

Organization: San Antonio Metropolitan Ministry, Inc. dba SAMMinistries, is an interfaith ministry, the mission of which is to help the homeless, and those at risk of becoming homeless, to attain self-sufficiency by offering, with dignity and compassion, shelter, housing, and services. SAMMinistries' purpose also includes helping impoverished and homeless people progress from crisis to self-sufficiency through a "Continuum of Care" model to break the cycle of homelessness.

HUDSAMM SH, LLC (HUDSAMM) was organized in November 2021 to hold title and purchase a multi-family apartment complex, The Hudson Apartments, for the benefit of the clients of SAMMinistries.

ADM Real Estate, LLC (ADM) was formed in 2019 to hold title and purchase the administration building and offices of SAMMinistries.

These financial statements include the operations of SAMMinistries, HUDSAMM and ADM (collectively, the "Organization"), and are therefore referred to as "consolidated". Intercompany transactions have been eliminated from these financial statements.

The specific programs and services provided by SAMMinistries include the following:

Street Outreach: SAMMinistries' Street Outreach Program works with many of our community's most vulnerable individuals. Staff connect directly with unsheltered individuals on the streets, in vehicles, and in encampments. Efforts focus on establishing relationships that build trust and foster engagement in often desperately needed physical and mental health care services, with the ultimate goal of helping every individual secure safe, permanent housing. SAMMinistries served 326 individuals, 60% of whom accepted the next higher level of care in 2025.

Emergency Shelter: SAMMinistries administers an Emergency Shelter Program for single adult individuals who are living on the street or in another place not meant for human habitation and have connected with a community street outreach worker. Individuals unable to be housed at other local shelters due to significant mental and/or physical health barriers making larger congregate settings inappropriate are referred to SAMMinistries' Emergency Shelter by community outreach workers. While in the Emergency Shelter Program, individuals are able to access physical and mental health care, including psychiatric care, on-site. All individuals are assisted to complete necessary assessments ensuring their placement on the community's housing program waitlist, and are helped with identification recovery, public benefits assistance applications, education and employment connection. Individuals served receive all of their basic necessities including food, clothing, and personal hygiene products while at the Emergency Shelter, and receive intensive case management services, assistance with entering substance use treatment and/or detoxification programs, and other supportive services promoting stabilization. Transportation assistance is also available, to include transportation to critical appointments by staff and/or through provision of bus passes and rideshare. SAMMinistries provided Emergency Shelter to 419 individuals in 2025, with 43% exiting the program to permanent housing.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE A – ORGANIZATION – continued

Homeless Prevention Program: SAMMinistries provides homeless prevention services for individuals and families in Bexar County to prevent evictions and/or utility disconnections. Short-term (up to 4 months) financial assistance and case management services are provided to households at risk of immediate homelessness. SAMMinistries served 393 households and prevented 1,105 individuals from becoming homeless in 2025. Ninety-four percent of those assisted maintained housing for at least 12 months after financial assistance was provided. SAMMinistries has become the community's largest provider of homeless prevention services and continues to be a leader in this area, with expertise utilizing and maximizing multiple public and private streams of funding to offer services that prevent individuals and families from falling into homelessness.

Rapid Re-Housing (RRH) Services: SAMMinistries' RRH Program targets homeless families and individuals and assists them in rapidly securing and maintaining permanent housing. Credit/criminal history, inadequate income, disabilities, and behavioral health disorders do not impact individuals' ability to receive services in this program. The organization served 235 households (452 individuals) in Rapid Re-Housing with 94% maintaining housing stability. Case managers assist households in locating apartments that meet HUD housing quality standards, help them with applying to lease, and provide assistance with security and/or utility deposits. Once housed, SAMMinistries provides rental assistance typically for a period of 12-18 months, while individuals and families are offered intensive case management services to assist them in addressing challenges that impacted their housing stability. Program clients are helped with integrating into their neighborhoods, accessing needed mental/physical health and employment services, securing income/benefits for which they are eligible, and accessing an array of other services. All participants have access to SAMMinistries' Adult Education Program, which offers financial and other assistance for individuals working to further their education and/or to engage in vocational training programs.

Transitional Housing Program: SAMMinistries provides transitional housing services for 102 families with children at its Transitional Living and Learning Center (TLLC). The TLLC serves families in a residential services model. Families residing at the TLLC enter the program following stays in community emergency shelters. While at the TLLC, all families receive intensive case management services and have access to an array of services and supports on-site. These include licensed child care for children ages 18 months through 12 years in SAMMinistries' Children's Enrichment Center, individual and group therapy, specialized groups and services for families impacted by domestic violence and other crimes, life skills classes, primary medical and dental care, connection to employment, adult education programming and financial assistance for adults seeking to advance their education and/or employment skills, and various social and wellness activities. Families may remain in the program for up to 24 months as they stabilize financially, emotionally, and physically and are prepared to secure and maintain permanent housing.

Permanent Supportive Housing Program (PSH): Permanent Supportive Housing services target individuals and families impacted by physical and/or mental health disabilities and periods of long-term (more than 12 months) of homelessness. SAMMinistries operates San Antonio's largest PSH Program, aiding to quickly house individuals and families, and providing long-term rental subsidy and ongoing intensive case management to help those served access services to address mental and physical health care needs, substance use treatment, education and employment services, and life skills education. Households must have a member with a documented physical and/or mental health disability and must have experienced homelessness for a period of at least 12 months to qualify for PSH Program services. SAMMinistries served 285 households (496 individuals) in PSH with 100% maintaining housing stability. SAMMinistries' PSH Program clients are housed in apartment complexes across San Antonio with whom the organization has formal partnerships. The Hudson Apartments, acquired by the Organization in 2021, began serving as a home for clients in SAMMinistries' first *Site-Based* Permanent Supportive Housing program in 2023.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE A – ORGANIZATION – continued

Permanent Housing (Affordable): SAMMinistries provides case management and service connection support for 100 Opportunity Home (formerly the San Antonio Housing Authority) Section 8 “Homeless Set-Aside” voucher recipient families. SAMMinistries staff assists homeless families in need of affordable housing with locating and securing housing with their voucher and provides monthly case management services to support these families with maintaining housing. After families are housed for one year, SAMMinistries staff remain available to assist as service needs arise.

The YASS (Young Adult Stability and Support) Center: SAMMinistries’ YASS Center opened to serve young adults (18-24) experiencing homelessness in April 2022. The YASS Center operates as a “Drop-In” Center for young adults needing housing and supportive services. It is a place where young adults can access case management services; physical and mental health care; daily meals (lunch and dinner); showers; adult education services including high school completion and assistance with entering post-secondary education; vocational training; assistance with securing employment; connection to emergency shelter and longer-term housing options; computers/Wi-Fi/printers; identification recovery; recreational and social activities; and life skills instruction. The YASS Center served 243 individuals in 2025, 37% of whom report having aged out of foster care.

These programs serve families and individuals working to attain self-sufficiency through employment and/or job training and education.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated 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.

With Donor Restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions that are more restrictive than SAMMinistries’ 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.

Revenue Recognition: Revenue from government grants consists of cost reimbursable federal and state contracts 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 are reported as deferred revenue in the consolidated statement of financial position. Revenue from rental income is recognized based on the terms of the rental agreement and are recognized when the lessee is contractually obligated to pay.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contributions: Gifts of cash and other assets are recorded as revenue when received or unconditionally pledged and are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donations received with donor restrictions whose restrictions are met in the same reporting period are generally reported as unrestricted support in the same reporting year. Non-cash contributions are recorded at fair value on the date of the contribution.

Gifts of 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.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash-on-hand, and deposits held by financial institutions with maturities of three months or less.

Accounts Receivable: Accounts receivable represent amounts due from government assistance and cost reimbursable grants and are reported at outstanding principal, net of an allowance. No allowance for credit losses was required at September 30, 2025, and 2024. The allowance is generally determined based on an account-by-account review and historical trends. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. Interest is generally not charged on the receivables. Accounts receivable at October 1, 2024, beginning of the year, totaled \$1,602,560.

Pledges Receivable: Pledges receivable are recorded at outstanding principal, net of an allowance for doubtful accounts and discount to present value, if considered necessary for long-term pledges. Discounts to present value are amortized and reported in contribution revenue. No allowance for uncollectible pledges was required at September 30, 2025, and 2024. All pledges receivable on September 30, 2025, and 2024 are due in less than one year.

Investments: Investments in equity securities with readily determinable fair value, and all debt securities, are reported at their fair value. Gains and losses (realized and unrealized) are included in the changes in net assets in the accompanying statement of activities. All securities are classified as non-current on the accompanying statement of financial position. Investments are held by Morgan Stanley and Broadway Bank and are monitored by the Finance Committee of SAMMinistries. Investments include the endowments that are restricted from spending (see Note L).

Property and Equipment: All acquisitions of property and equipment in excess of \$1,000, and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets, are capitalized. Property and equipment is valued at historical cost or estimated fair value at date of donation. Expenditure for improvements that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset (generally 3 to 10 years for furniture, equipment and vehicles and 15 to 39 years for buildings and improvements) or the remaining term of the lease.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of Long-Lived Assets: SAMMinistries' reviews the carrying value of long-lived assets 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. In cases where 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 by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. An impairment loss was not required during either year.

Deferred Revenue: Deferred revenue consists of amounts received from awarding agencies prior to incurring qualifying expenditures under cost-reimbursement grants, and from donations received for professional advertising services, which will be recognized as revenue when the advertising occurs.

Donated Volunteer Services: Donated volunteer services (excluding professional and similar type services) generally are not valued or recorded in these financial statements because they do not meet the accounting requirements of GAAP. However, a substantial number of volunteers donate significant amounts of time to SAMMinistries' programs. Volunteer hours are estimated at 6,060 in 2025 and 10,100 hours in 2024. Professional services, advertising and other services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a similar amount.

Income Taxes: SAMMinistries is a not-for-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, and is 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 its financial position. Its tax returns for the last four years remain subject to examination by the Internal Revenue Service.

HUDSamm SH, LLC and ADM Real Estate, LLC are limited liability companies. For federal tax purposes, they are considered disregarded entities and, therefore, do not file a federal tax return as its net income is passed directly to its parent, SAMMinistries. The Organizations are subject to the Texas margin tax.

Leases: For operating leases with a term greater than 12 months, the 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. SAMMinistries uses the risk-free discount rate to determine the present value of lease payments, unless a readily determinable implicit rate is available. In determining lease asset values, Management 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. Leases may include a non-lease component representing additional services transferred to the organization. SAMMinistries has elected an accounting policy to treat each separate lease component and its related non-lease components as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Functional Allocation of Expenses: The costs of providing the services and other activities of SAMMinistries have been summarized on a functional basis as a supplemental schedule to the statement 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 salaries and benefits) as well as on a square footage or other reasonable basis (such as depreciation, office and occupancy).

Advertising: Advertising costs are expensed as incurred and amounts are not significant.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Retirement Plan: SAMMinistries provides a 401(k) plan (the Plan) for its full and part-time staff members aged 21 and above. Employees are eligible to participate immediately upon hire. SAMMinistries provided matching and discretionary contributions of \$118,023 in 2025 and \$104,213 in 2024.

Concentrations of Credit Risk: Financial instruments that potentially subject SAMMinistries to concentrations of credit risk consist principally of cash, investments, and pledges receivable. SAMMinistries maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. For both years presented, no amounts exceeded the federally insured limits. Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities.

Commitments and Contingencies: SAMMinistries participates in several state and federal 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 SAMMinistries 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.

Use of Estimates: The preparation of 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 the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2025	2024
Land	\$ 1,000,527	\$ 941,683
Buildings and improvements	15,566,165	14,938,197
Leasehold improvements	105,206	106,888
Furniture, equipment, and software	1,426,839	1,422,656
Vehicles	352,122	355,100
Construction in progress	811,158	409,698
Total fixed assets	19,262,017	18,174,222
Less: accumulated depreciation	(6,977,135)	(6,399,927)
Fixed assets, net	<u>\$ 12,284,882</u>	<u>\$ 11,774,295</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE D – REAL ESTATE WITH GRANTOR RETAINED LIFE ESTATE

During 2007, an individual established a retained life estate gift for the benefit of SAMMinistries. Under the terms of the split-interest agreement, the donor has donated her home, while retaining the right to live in it for the rest of her life. After the donor's death, SAMMinistries may use the house in its operations, rent or sell the property. The portion of the gift measured as the present value of the future benefit to be received by SAMMinistries was recorded in the statement of activities as a temporarily restricted contribution in the period the gift was made.

Subsequent changes to that estimated value are also recorded as gains or losses. The change in the valuation resulted in a loss of \$35,291 and a gain of \$59,393 in 2025 and 2024, respectively. The asset is recorded at its fair value of \$263,210 and \$278,090 at September 30, 2025, and 2024, as real estate with grantor-retained life estate in the statement of financial position. The asset's present value liability was \$74,280 and \$53,869 at September 30, 2025, and 2024, respectively, to make required tax distributions to the donor, which are calculated utilizing actuarial assumptions that take into account the donor's life expectancy and a discount rate of 5.0%.

NOTE E – LEASES

SAMMinistries has third-party operating leases for office space, buildings and office equipment. Operating lease expense is recognized in operating expenses on a straight-line basis over the lease term. The lease terms vary, with the longest extend through 2030. Lease expense associated with the non-cancellable operating lease agreements was approximately \$174,700 and \$67,200 in 2025 and 2024, respectively.

On September 30, 2025 and 2024, the weighted-average remaining lease term of third-party leases was 2.86 and 4.23 years, respectively, and the weighted-average discount rate was 3.98% and 4.17%, respectively.

<u>Year Ended September 30,</u>	<u>Amount</u>
2026	\$ 227,041
2027	229,441
2028	74,776
2029	53,976
Thereafter	<u>4,498</u>
Total	589,732
Less: Imputed Interest	<u>(30,847)</u>
Present value of lease liability	<u>\$ 558,885</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE F – LONG-TERM DEBT AND LINES OF CREDIT

	<u>2025</u>	<u>2024</u>
Revolving line of credit with Jefferson Bank, with interest at 2.85% until March 28, 2027 when rate may change based on prime rate multiplied by .90, due March 28, 2032, secured by a multi-family apartment complex. <i>See Revolving Line of Credit note below.</i>	\$ 4,315,084	\$ 4,586,280
Note payable with Broadway Bank, with interest at 4.21%, monthly payments of \$18,235 plus interest, secured by the building, maturing January 2045.	2,891,234	2,994,841
Promissory notes with Frost Bank, converted from the prior operating line of credit, with an interest rate equal to prime plus 3%, monthly payments of \$4,440 and a lump sum payment of the remaining balance upon maturity in May 2026. <i>See Frost Bank note below.</i>	1,880,114	-
Operating line of credit with Frost Bank, with interest at 3% above prime, monthly interest only payments and outstanding principal due May 2026, secured by SAMMinistries assets. <i>See Frost Bank note below.</i>	<u>-</u>	<u>1,993,900</u>
	<u><u>\$ 9,086,432</u></u>	<u><u>\$ 9,575,021</u></u>

Maturities of long-term debt will result in the following principal requirements:

<u>Year Ending September 30,</u>	
2026	\$ 2,234,805
2027	103,245
2028	107,677
2029	112,299
Thereafter	<u>6,528,406</u>
	<u><u>\$ 9,086,432</u></u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE F – LONG-TERM DEBT AND LINES OF CREDIT – continued

Long-Term Debt – Frost Bank: SAMMinistries had a line of credit of \$2,000,000. The line of credit matured in October 2024 and was then extended through May 2025, with interest at 3% over prime rate. There was an outstanding balance of \$1,993,900 as of September 30, 2024. This line of credit was secured by the bank's right of offset against SAMMinistries' accounts with the bank.

In May 2025, the line of credit was converted to two promissory notes in the amounts of \$1,687,981 and \$205,919, requiring total monthly payments of approximately \$4,440 and a lump sum payment of the remaining balance upon maturity in May 2026. The interest rate is set at the prime rate plus 3%. The notes are secured by the bank's right of offset against SAMMinistries' accounts with the bank. SAMMinistries is subject to certain restrictive financial covenants.

Revolving Line of Credit – Jefferson Bank: HUDSMM SH, LLC is the primary borrower of a revolving line of credit held with Jefferson Bank. The outstanding principal balance of \$5,100,000 on the original note payable which matured in November 2022 was transferred to the revolving line of credit account. The maximum amount of the revolving line of credit is \$5,100,000 through September 28, 2026. The maximum amount is reduced by \$255,000 on March 28th annually, beginning 2023, through its maturity on March 28, 2032. The outstanding balance as of September 30, 2025 and 2024 was \$4,315,084 and \$4,586,280, respectively. SAMMinistries is subject to certain restrictive financial covenants.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	2025	2024
Subject to expenditure for specific purpose:		
Education, other	\$ 133,713	\$ 196,230
Children-related expenditures	353,770	437,000
Families and Housing Prevention	200,000	64,750
Time restricted - life estate, net of related liability	188,930	275,393
TLLC Building renovations	100,000	230,791
Veterans Affairs	300,000	63,750
Senior Homeless Prevention	-	25,000
Health and wellness	200,000	-
Various programs	114,159	434,500
Total subject to expenditure for specific purpose	1,590,572	1,727,414
Donor restricted endowments, See Note L	1,873,772	2,168,184
	\$ 3,464,344	\$ 3,895,598

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE H – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, SAMMinistries 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 SAMMinistries 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
 - if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

There have been no changes in methodologies used to compute fair value. The following is a description of the valuation methodologies used for various types of assets measured at fair value:

Money Market Funds and Certificates of Deposit: Valued at cost plus accrued interest.

Mutual Funds and Exchange Traded Funds: Valued at the daily closing net asset value (NAV).

Corporate and Municipal Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

Equity and U. S. Government Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Real Estate with Grantor Retained Life Estate: Valued using the asset's estimated tax appraisal. The present value of the liability is determined by calculating the present value of the future life expectancy of the tenant based on their present age, using published life expectancy tables and a 5.60% discount rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although SAMMinistries 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.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE H – FAIR VALUE MEASUREMENTS - continued

The following table sets forth by level, within the fair value hierarchy, SAMMinistries' investment portfolio at fair value:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>September 30, 2025:</i>				
Investments:				
Money market funds	\$ 77,094	\$ -	\$ -	\$ 77,094
Certificates of deposit	-	24,422	-	24,422
Mutual funds	595,869	-	-	595,869
Exchange traded funds	43,165	-	-	43,165
Corporate bonds	-	203,915	-	203,915
Municipal bonds	-	183,332	-	183,332
U.S government securities	122,953	-	-	122,953
Equity securities	927,985	-	-	927,985
Total investments at fair value	<u>\$ 1,767,066</u>	<u>\$ 411,669</u>	<u>\$ -</u>	<u>\$ 2,178,735</u>
Real estate with grantor-retained life estate:				
Property, at fair value	\$ -	\$ -	\$ 263,210	\$ 263,210
Liability for expected payments	-	-	(74,280)	(74,280)
Total real estate with grantor-retained life estate, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,930</u>	<u>\$ 188,930</u>
<i>September 30, 2024:</i>				
Investments:				
Money market funds	\$ 61,070	\$ -	\$ -	\$ 61,070
Certificates of deposit	-	48,367	-	48,367
Mutual funds	677,045	-	-	677,045
Exchange traded funds	54,391	-	-	54,391
Corporate bonds	-	190,634	-	190,634
Municipal bonds	-	208,614	-	208,614
U.S government securities	185,404	-	-	185,404
Equity securities	1,095,539	-	-	1,095,539
Total investments at fair value	<u>\$ 2,073,449</u>	<u>\$ 447,615</u>	<u>\$ -</u>	<u>\$ 2,521,064</u>
Real estate with grantor-retained life estate:				
Property, at fair value	\$ -	\$ -	\$ 278,090	\$ 278,090
Liability for expected payments	-	-	(53,869)	(53,869)
Total real estate with grantor-retained life estate, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,221</u>	<u>\$ 224,221</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE H – FAIR VALUE MEASUREMENTS – continued

The following table sets forth a summary of changes in the fair value of SAMMinistries' Level 3 asset:

	<u>Real Estate with Grantor-Retained Life Estate</u>
Balance at October 1, 2023:	\$ 231,679
Realized gains	-
Unrealized gain relating to instruments held at year-end	46,411
Net of purchases, sales, issuances, and settlements	<u>-</u>
Balance at September 30, 2024	278,090
Realized gains	-
Unrealized (loss) relating to instruments held at year-end	(14,880)
Net of purchases, sales, issuances, and settlements	<u>-</u>
Balance at September 30, 2025	<u><u>\$ 263,210</u></u>

NOTE I – CONTRIBUTIONS

Contributions of cash by major category are as follows for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Business and foundation donations	\$ 3,069,293	\$ 1,358,977
Individual donations	3,059,608	2,675,212
Member congregation donations	81,922	24,994
United Way	85,153	438,263
Bequests	<u>-</u>	<u>107,334</u>
Total	<u><u>\$ 6,295,976</u></u>	<u><u>\$ 4,604,780</u></u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE J – IN-KIND CONTRIBUTIONS

In-kind contributions in 2025 and 2024 consist of donated goods including clothing, supplies, food and household equipment. Donated goods are received and used for the Organization’s programs and have no donor restrictions. In valuing the donated goods and services, the Organization estimates the fair value on the basis of values that would be received for selling similar products in the United States. In-kind contributions of materials and services consist of the following for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Clothing, blankets, food, etc.	\$ 1,030,953	\$ 933,575
Housing and utility assistance	<u>609,897</u>	<u>398,929</u>
Total	<u><u>\$ 1,640,850</u></u>	<u><u>\$ 1,332,504</u></u>

NOTE K – GOVERNMENT GRANTS

SAMMinistries receives funding from various federal, state, and local governments for reimbursement of operating expenses. Government grants consisted of the following for the years ended September 30:

	<u>2025</u>	<u>2024</u>
U.S. Department of Housing and Urban Development (HUD):		
Direct funding	\$ 8,558,575	\$ 6,655,920
Passed Through:		
City of San Antonio (Emergency Solutions Grant Program)	516,823	152,123
City of San Antonio (Home Investment Partnership Program)	587,947	421,965
Bexar County (Emergency Solutions Grant Program)	68,353	94,161
Texas Department of Housing and Community Affairs (Emergency Solutions Grant Program)	115,915	107,716
U.S. Department of Treasury:		
State and Local Fiscal Recovery	4,404,115	5,118,895
U.S. Department of Justice:		
Passed Through:		
Governors Criminal Justice Division (VOCA)	492,858	534,038
U.S. Department of Homeland Security:		
Emergency Food and Shelter Program	112,000	48,388
Homeless Prevention	16,937	35,608
Texas Veterans Commission (General Assistance)	224,676	105,791
City of San Antonio (TDHCA YASS)	-	89,570
City of San Antonio (Outreach on the Streets)	-	155,906
Bexar County (General Fund)	238,566	273,218
Health and Human Services (Community Mental Health)	<u>22,052</u>	<u>90,841</u>
Total	<u><u>\$ 15,358,817</u></u>	<u><u>\$ 13,884,140</u></u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE L – ENDOWMENTS

SAMMinistries' endowments, included in investments, consists of three individual funds established for operations and education. These endowments include donor-restricted endowment contributions. The donor-restricted endowment funds falls under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the State of Texas with an effective date of September 1, 2007. This policy defines SAMMinistries' interpretation of the provisions of this law as they relate to the prudent management of its endowment funds.

Interpretation of Relevant Law: The Board of Directors has interpreted 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, SAMMinistries classifies as net assets with donor restrictions: (a) the original value of gifts to the endowment (the corpus) to be held in perpetuity, (b) the original value of subsequent gifts to be held in perpetuity, and (c) accumulations 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 classified as net assets with donor restriction are released as described in the donor agreement. In accordance with UPMIFA, SAMMinistries considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of SAMMinistries 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 SAMMinistries, and
- 7) The investment policies of SAMMinistries

Return Objectives and Risk Parameters: Endowment investments are managed under the direction of the Board of Directors of SAMMinistries. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, SAMMinistries 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). SAMMinistries has placed the funds with various investment managers so that the investment dollars are diversified to maximize their investment income.

Spending Policy and How the Investment Objectives Relate to Spending Policy: Distributions from the endowment funds are made at the discretion of the Board of Directors.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires SAMMinistries to retain as a fund or perpetual duration.

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Audited Consolidated Financial Statements
September 30, 2025 and 2024

NOTE L – ENDOWMENTS – continued

Below is a schedule of the endowment funds and related investments or deficit at September 30:

	<u>2025</u>	<u>2024</u>
Donor endowments, corpus	\$ 2,446,962	\$ 2,446,962
Net activity	<u>(573,190)</u>	<u>(278,778)</u>
Total endowment funds	<u>\$ 1,873,772</u>	<u>\$ 2,168,184</u>

All endowment funds are donor-restricted at September 30, 2025 and 2024. A roll forward of the endowment funds is as follows:

Endowments at September 30, 2023	\$ 2,011,090
Contributions	-
Dividends and interest, net	57,077
Net appreciation	312,077
Appropriations (withdrawals)	<u>(212,060)</u>
Endowments at September 30, 2024	2,168,184
Contributions	-
Dividends and interest, net	63,881
Net appreciation	21,362
Appropriations (withdrawals)	<u>(379,655)</u>
Endowments at September 30, 2025	<u>\$ 1,873,772</u>

NOTE M – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

SAMMinistries has approximately \$3.43 million of financial assets available to meet cash needs for general expenditures within one year. This consists of cash, accounts receivable, and pledges receivable. The pledges receivable are subject to implied time restrictions but are expected to be collected within one year based on normal operations. None of the financial assets are subject to donors or other contractual restrictions that make them unavailable for general expenditures.

SAN ANTONIO METROPOLITAN MINISTRY, INC.

Single Audit Reports

September 30, 2025



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

To the Board of Directors
San Antonio Metropolitan Ministry, Inc.
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 financial statements of San Antonio Metropolitan Ministry, Inc. dba SAMMinistries (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statement 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 dated June 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered SAMMinistries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAMMinistries' internal control. Accordingly, we do not express an opinion on the effectiveness of SAMMinistries' internal control.

A deficiency in internal control exists when the design or operation of control does not allow management or employees, in a 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified..

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAMMinistries' consolidated 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 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 SAMMinistries' 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

June 30, 2026



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

To the Board of Directors
San Antonio Metropolitan Ministry, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Antonio Metropolitan Ministry, Inc. dba SAMMinistries' 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 SAMMinistries' major federal programs for the year ended September 30, 2025. SAMMinistries' 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, SAMMinistries 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 of 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 (*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 SAMMinistries 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 SAMMinistries' 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, provisions of contracts or grant agreements applicable to SAMMinistries' 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 SAMMinistries' 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 SAMMinistries' 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 SAMMinistries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SAMMinistries' 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 SAMMinistries' 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 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.

ADKF, PC

ADKF, P.C.
San Antonio, Texas
June 30, 2026

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Federal Grant/Pass-Through Grant/ Program or Cluster Title	Assistance Listing Number	Pass-Through Grant or Grant Number	Federal Expenditures
<i>FEDERAL AWARDS</i>			
<u>U.S. Department of Housing and Urban Development:</u>			
Continuum of Care Program			
DV Transitional Housing Rapid Re-Housing	14.267	TX0610D6J002302	\$ 804,187
Rapid Re-housing	14.267	TX0358L6J002209	17,763
Unsheltered NOFO Housing Navigation	14.267	TX0707H6J002200	252,347
Housing First CH Singles II	14.267	TX0609L6J002302	908,432
CH Singles III	14.267	TX0704H6J002200	332,625
Housing First CH Singles	14.267	TX0434L6J002408	108,726
Housing First CH Singles	14.267	TX0434L6J002307	1,306,527
Housing CH Singles Plus	14.267	TX0714L6J002300	248,320
Housing First (Families)	14.267	TX0012L6J002316	1,201,007
Housing First (Families)	14.267	TX0012L6J002417	236,545
Permanent Supportive Housing	14.267	TX0279L6J002311	208,792
Permanent Supportive Housing	14.267	TX0279L6J002412	96,383
Rapid Re-housing	14.267	TX0358L6J002310	126,184
Youth Rapid Re-Housing (Oasis-Providence Place Transfer)	14.267	TX0582Y6J002303	404,653
Transitional Housing	14.267	TX0019L6J002316	441,079
Transitional Housing	14.267	TX0019L6J002417	40,936
Unsheltered Rapid Re-Housing Special Notice of Funding Opportunity (SNOFO/RRH)	14.267	TX0705H6J002200	352,141
YHDP YASS Center	14.267	TX0605Y6J002302	655,959
YHDP YASS II (FMR. Roy Mass)	14.267	TX0674Y6J002301	228,803
Youth Unsheltered 18-24 SNOFO	14.267	TX0706H6J002200	587,166
Total Assistance Listing Number 14.267			8,558,575
Emergency Solutions Grant Program			
Pass-through from:			
City of San Antonio:			
Rapid Re-Housing	14.231	4600024732	516,823
Bexar County:			
Homeless Prevention (ESG)	14.231	E-23-UC-48-0500	68,353
Texas Department of Housing and Community Affairs:			
TDHCA - Rapid Re-Housing	14.231	E24-DC-48-001	115,915
Total Assistance Listing Number 14.231			701,091

See Notes to Schedule of Expenditures of Federal Awards

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Home Investment Partnerships Program

Pass-through from:

City of San Antonio:

Tenant Based Rental Assistance - HASAMT (HOME-ARP)	14.239	4600023276	189,186
Homeless Prevention - HASAHP (HOME - ARP)	14.239	4600023276	398,761
Total Assistance Listing Number 14.239			<u>587,947</u>

Total U.S. Department of Housing and Urban Development			<u>9,847,613</u>
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U.S Department of Justice

Pass-through from:

Governor's Criminal Justice Division

Crime Victim Assistance (VOCA)/Support of Survivors Program	16.575	3534605	<u>492,858</u>
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Total U.S. Department of Justice			<u>492,858</u>
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U.S Department of Treasury

Pass-through from:

City of San Antonio

State and Local Fiscal Recovery Funds COVID - Integrated Health & Wellness	21.027		108,222
State and Local Fiscal Recovery Funds COVID - Low Barrier Shelter	21.027	4600023329	3,173,676
State and Local Fiscal Recovery Funds COVID - Investing in Infrastructure to Maximize Impact	21.027		<u>280,544</u>
			3,562,442

Bexar County

State and Local Fiscal Recovery Funds COVID - Hudson Apartments Phase I (ARPA)	21.027		40,159
State and Local Fiscal Recovery Funds COVID - Hudson Apartments Phase II (ARPA)	21.027		<u>801,514</u>
			841,673

Total U.S. Department of Treasury 21.027			<u>4,404,115</u>
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U.S. Department of Homeland Security:

Homeless Prevention ARPA-R Mass Shelter	97.024	ARPAR-7866-00 002 E1	16,937
Emergency Shelter Phase 41 Mass Shelter	97.024	41-788600-002 E1	<u>112,000</u>

Total U.S. Department of Homeland Security			<u>128,937</u>
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Total Expenditures of Federal Awards			<u><u>\$ 14,873,523</u></u>
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See Notes to Schedule of Expenditures of Federal Awards

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of San Antonio Metropolitan Ministry, Inc. dba SAMMinistries under programs of the federal government for the year ended September 30, 2025. The information in the Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of SAMMinistries, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of SAMMinistries. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

All of SAMMinistries' federal awards were in the form of cash assistance for the year ended September 30, 2025. SAMMinistries had no federal funded insurance programs or loan guarantees during the year ended September 30, 2025.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

SAMMinistries has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – RECONCILIATION TO AUDITED FINANCIAL STATEMENTS

Total expenditures of federal awards	\$ 14,873,523
Non-federal awards revenue	<u>485,294</u>
Total Government grants per Statement of Activities	<u>\$ 15,358,817</u>

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

<u>Section I - Summary of Auditors' Results</u>	<u>Description</u>
<i>Financial Statements</i>	
Type of independent auditor's report	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified	No
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified	No
Type of independent auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?	No
Major Federal Programs:	
<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing #</u>
Continuum of Care Program	14.267
Dollar threshold used to distinguish between Type A and Type B programs	\$1,000,000
Auditee qualified as low-risk auditee?	No

SAN ANTONIO METROPOLITAN MINISTRY, INC.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

Summary of Prior Audit Findings

Finding 2024-001 - Accounting Reconciliations and Monthly Close Procedures

Finding 2024-002 Controls Over Preparation of the Schedule of Federal Awards (SEFA)