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ACCOUNTANTS & CONSULTANTS

SHARING LIFE COMMUNITY OUTREACH, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2025

Sharing Life Community Outreach, Inc.
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September 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Sharing Life Community Outreach, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sharing Life Community Outreach, Inc. (a Texas nonprofit corporation), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sharing Life Community Outreach, Inc. as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sharing Life Community Outreach, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Sharing Life Community Outreach, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.

In performing an audit in accordance with GAAS 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 Sharing Life Community Outreach, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sharing Life Community Outreach, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 Sharing Life Community Outreach, Inc.'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 Sharing Life Community Outreach, Inc.'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 Sharing Life Community Outreach, Inc.'s internal control over financial reporting and compliance.

SST Accountants & Consultants

SST Accountants & Consultants PLLC

February 3, 2026

Sharing Life Community Outreach, Inc.
Statement of Financial Position
September 30, 2025

ASSETS

Cash and cash equivalents	\$ 2,482,955
Accounts receivable	137,477
Contributions receivable	33,474
Inventory	687,938
Property and equipment, net	<u>5,656,564</u>
 TOTAL ASSETS	 <u><u>\$ 8,998,408</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 53,845
Accrued payroll and related expense	<u>49,889</u>
Total Liabilities	<u>103,734</u>

Net Assets

Without donor restrictions	8,212,585
With donor restrictions	<u>682,089</u>
Total Net Assets	<u>8,894,674</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,998,408</u></u>
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The accompanying notes are an integral part of this financial statement.

Sharing Life Community Outreach, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions of nonfinancial assets	\$ 32,377,134	\$ 102,210	\$ 32,479,344
Contributions of cash	522,742	1,130,258	1,653,000
Grants	690,364	-	690,364
Special events, net of direct donor benefit of \$159,481	455,193	10,000	465,193
Service fees	722,320	-	722,320
Employee Retention Credit	197,603	-	197,603
Other income	54,134	-	54,134
	<u>35,019,490</u>	<u>1,242,468</u>	<u>36,261,958</u>
Net assets released from restrictions	1,207,322	(1,207,322)	-
Total Revenues and Support	<u>36,226,812</u>	<u>35,146</u>	<u>36,261,958</u>
Expenses			
Program services	35,122,683	-	35,122,683
Supporting activities	515,135	-	515,135
Total Expenses	<u>35,637,818</u>	<u>-</u>	<u>35,637,818</u>
Other Expense			
Loss on disposal of property and equipment	736	-	736
Change in Net Assets	588,258	35,146	623,404
Net Assets, Beginning of Year	<u>7,624,327</u>	<u>646,943</u>	<u>8,271,270</u>
Net Assets, End of Year	<u>\$ 8,212,585</u>	<u>\$ 682,089</u>	<u>\$ 8,894,674</u>

The accompanying notes are an integral part of this financial statement.

Sharing Life Community Outreach, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2025

	<u>Program Services</u>			<u>Supporting Activities</u>		<u>Total</u>
	<u>Client Services</u>	<u>Food Hub</u>	<u>Opal J Smith Food Pantry</u>	<u>Administrative</u>	<u>Fundraising</u>	
Salaries and wages	\$ 630,558	\$ 498,347	\$ 97,013	\$ 34,547	\$ 269,158	\$ 1,529,623
Payroll taxes and benefits	106,196	87,184	19,291	13,585	36,305	262,561
Client assistance - cash	951,743	-	2,951	-	-	954,694
Client assistance - noncash	10,765,653	20,830,390	663,807	-	-	32,259,850
Depreciation and amortization	75,762	75,762	11,364	19,630	13,258	195,776
Insurance	24,162	13,940	-	4,182	4,182	46,466
Professional fees	31,928	26,018	3,475	6,664	9,355	77,440
Repairs and maintenance	9,202	23,567	-	6,438	24,851	64,058
Supplies, postage and printing	24,700	9,500	2,071	2,880	8,104	47,255
Utilities	36,993	34,403	-	4,949	7,754	84,099
Subscriptions and dues	3,492	11,497	-	4,865	12,253	32,107
Travel	1,684	44,319	-	3,448	2,882	52,333
Special events	-	-	-	-	10,648	10,648
Other	5,423	228	60	9,876	5,321	20,908
Total	<u>\$ 12,667,496</u>	<u>\$ 21,655,155</u>	<u>\$ 800,032</u>	<u>\$ 111,064</u>	<u>\$ 404,071</u>	<u>\$ 35,637,818</u>

The accompanying notes are an integral part of this financial statement.

Sharing Life Community Outreach, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2025

Cash Flows From Operating Activities	
Change in Net Assets	\$ 623,404
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	195,776
Loss on disposal of property and equipment	736
Changes in operating assets and liabilities:	
Accounts receivable	(137,477)
Contributions receivable	213,505
Inventory	(115,857)
Accounts payable	12,309
Accrued payroll and related expense	20,807
Net Cash Provided by Operating Activities	813,203
 Cash Flows From Investing Activities	
Purchase of property and equipment	(142,745)
 Cash Flows from Financing Activities	
Collections of contributions restricted for capital campaign	61,200
Net Change in Cash and Cash Equivalents	731,658
 Cash and Cash Equivalents, Beginning of Year	 1,751,297
 Cash and Cash Equivalents, Ending of Year	 \$ 2,482,955

The accompanying notes are an integral part of this financial statement.

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 1: Organization and Summary of Significant Accounting Policies

The summary of significant accounting policies of Sharing Life Community Outreach, Inc. (the Organization) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

The Organization was formed in 1999 with a mission to provide benevolent support for individuals and families in crisis living in Mesquite and Southeast Dallas County, Texas. The Organization is supported primarily by contributions from the North Texas Food Bank (NTFB), individuals, other organizations, donated goods and services, and fundraising events. Currently, services provided by the Organization are as follows:

- Food pantry
- Non-food essentials
- Emergency financial assistance
- Financial empowerment center
- Nurture & Nourish for the Future
- Weather Activated Relief for Mesquite (WARM) program
- Seasonal/Holiday programs

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. Cash equivalents were \$504 at September 30, 2025. The Organization places cash and marketable securities, which at times may exceed federally insured limits of \$250,000, with high-credit quality financial institutions. The Organization has not experienced any losses on such assets.

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist of amounts for food handling fees billed to the NTFB for the last three months of the year ended September 30, 2025. Accounts receivable are presented net of an allowance for credit losses which is an estimate of amounts that may not be collectible. The Organization estimates and reserves for credit loss exposure based on their experience with past due accounts and collectability, write-off history, and forward-looking information (including the expected impact of rising inflation and indicators of a potential recession). Recovered credit losses are credited to credit losses when collected. At September 30, 2025, the allowance for credit losses was \$-0-, as all accounts receivable were considered collectible and to be collected by September 30, 2026. The account receivable, net, was \$-0- at September 30, 2024.

Contributions Receivable and Allowance for Uncollectible Accounts

Contributions receivable are due from various federal and local government grantors, and other entities and individuals. The Organization continually evaluates the collectability of receivables and maintains allowances for potential losses, if considered necessary. No allowance was considered necessary at September 30, 2025, as all contributions receivable were considered collectible and to be collected by September 30, 2026.

Revenue Recognition

The Organization recognizes contributions and grants when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

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

Service fees represent the food handling fees billed to the NTFB. The Organization recognizes the service fees quarterly once distributing the NTFB food to other local nonprofits. See Note 8.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes revenue from the exchange transaction at the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized at their estimated fair value at the date of receipt.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, many individuals volunteer their time and perform a variety of tasks that help the Organization. The value of this contributed time is not reflected in the Organization's financial statements because it does not meet the above criteria.

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions are recognized as revenues in the period unconditional promises to give are received. Contributions of assets other than cash are recorded at their estimated fair value on the date of donation.

Allocation of Functional 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. The expenses that are allocated include utilities and insurance which are based on square footage each department utilizes. Repairs and maintenance, supplies, postage and printing are assigned according to which department the service or supplies are for. Depreciation and amortization allocation is based on the related programs and supporting function the property and equipment serve. Professional fees, salaries and wages, and payroll taxes and benefits, are allocated based on estimated time and effort. All other natural expense categories using the key concept of direct conduct or direct supervision are charged to the benefiting program or supporting activities.

Inventory

Inventory consists mainly of food, clothing, household supplies, medical supplies and equipment. Inventory is recorded at cost, if purchased, and estimated fair value, if donated. See valuation techniques in Note 7. As of September 30, 2025, inventory consisted of the following:

Food	\$ 659,409
Clothing and household supplies	27,976
Medical supplies and equipment	553
	<u>\$ 687,938</u>

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Property, Equipment, and Depreciation and Amortization

Property and equipment are stated at cost when purchased or fair value at the date the asset is donated, less accumulated depreciation and amortization. Major expenditures that substantially increase useful lives are capitalized, while maintenance and repairs which do not improve or extend the lives of the respective assets are expensed when incurred. When property or equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in the statement of activities and changes in net assets. Depreciation and amortization have been calculated using the straight-line method as follows:

Land improvements	20 years
Building	40 years
Furniture and equipment	3-39 years
Vehicles	5-10 years

Impairment of Long-Lived Assets

The Organization regularly evaluates its long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. No impairment losses were recognized for the year ended September 30, 2025.

Compensated Absences

The employees of the Organization are entitled to paid vacations, paid sick days and personal days off. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when paid.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC)* Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities and changes in net assets or accrued in the statement of financial position. Federal tax returns of the Organization are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Date of Management's Review

Subsequent events have been evaluated for potential recognition or disclosure through February 3, 2026, which is the date the financial statements were available to be issued.

Note 2: Conditional Grant

During fiscal year 2025, the Organization received a conditional and restricted promise to give of \$356,700 to be received in five installments through January 2027. Each installment has a different amount. At least 70% of prior installment must be spent prior to subsequent installment released. The Organization also acts as an intermediary to pass \$49,500 of the \$356,700 to a designated third party in five installments; therefore, \$49,500 is not the revenue or expense of the Organization. For the year ended September 30, 2025, the Organization received and passed \$4,350 to the designated third party and received and recognized the net first installment of \$102,660. The remaining conditional grant is \$204,540.

Note 3: Property and Equipment

Property and equipment as of September 30, 2025 consisted of the following:

Land	\$ 727,041
Land improvements	21,938
Building	4,448,724
Furniture and equipment	824,488
Vehicles	184,967
	<hr/> 6,207,158
Less: accumulated depreciation and amortization	<hr/> (550,594)
Property and equipment, net	<hr/> <u>\$ 5,656,564</u>

Note 4: Concentrations

For the year ended September 30, 2025, the Organization received 90% of total revenues and support from contributions of nonfinancial assets of food, clothing and household supplies, medical supplies and equipment, and other goods, and received a substantial amount of contributions of nonfinancial assets from the NTFB which are 22% of total revenues and support.

The Organization operates mainly in the Dallas County, Texas area. Therefore, results of operations are subject to economic conditions of the area.

Note 5: Retirement Plan

Effective February 2024, the Organization started a 401(k) retirement plan (Plan) for the benefit of its employees. Eligible employees may make elective deferral contributions to the Plan. The Organization makes discretionary contributions to the Plan. The Organization contributed \$41,321 for the year ended September 30, 2025.

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 6: Employee Retention Credit (ERC)

Due to the partial suspension of operations in the calendar years 2020 and 2021, the Organization qualified for the ERC under the provision of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and recognized the ERC income in the year ended September 30, 2025.

Note 7: Contributions of Nonfinancial Assets

For the year ended September 30, 2025, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included the following:

Item	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Food	\$ 31,634,039	Client services, food hub, Opal J Smith food pantry	No donor restrictions	Estimated fair value is \$1.97 per pound on the basis of Feeding America's recommended value.
Food	51,465	Client services, food hub, Opal J Smith food pantry	Client assistance (Nourish2Flourish)	Estimated fair value is \$1.97 per pound on the basis of Feeding America's recommended value.
Food	13,883	Client services, food hub, Opal J Smith food pantry	Client assistance (holiday)	Estimated fair value is \$1.97 per pound on the basis of Feeding America's recommended value.
Food	20,600	Client services	Client assistance (WARM & Disaster Relief)	Estimated fair value is \$1.97 per pound on the basis of Feeding America's recommended value.
Clothing and household supplies	738,833	Client services	No donor restrictions	Estimated fair value is \$1.97 per pound on the basis of Feeding America's recommended value.
Clothing and household supplies	15,348	Client services	Client assistance (holiday)	Estimated fair value is \$1.97 per pound on the basis of Feeding America's recommended value.
Clothing and household supplies	914	Client services	Client assistance (WARM & Disaster Relief)	Estimated fair value is \$1.97 per pound on the basis of Feeding America's recommended value.
Medical supplies and equipment	3,206	Client services	No donor restrictions	Estimated fair value is on the basis of wholesale values, if available, that would be received for purchasing similar products in similar conditions. When wholesale values are not available, especially for smaller items, then a value is assigned based on condition of the donated medical supplies and equipment.
Tires	1,056	Client services, food hub	No restrictions	Estimated fair value is based on retail values that would be received for purchasing similar items.
Various goods for auctions - special events revenue	40,872	Fundraising (part of direct donor benefit cost)	No restrictions	Estimated fair value is based on retail values that would be received for purchasing similar goods.
Total	<u>\$ 32,520,216</u>			

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 8: Service Agreement

The Organization entered into a service agreement (Agreement) with the NTFB to provide food distribution services in the Mesquite, Texas region. Under the Agreement, the Organization receives in-kind donations of food from NTFB, which are included in revenues, expenses, and inventory for the year ended September 30, 2025. The Organization is responsible for distributing portions of the food to other local nonprofits which are labeled as Community Distribution Partners (CDP) in the Agreement, and charges CDP handling fees. Beginning in March 2020, the Organization has waived the handling fees from CDP due to the pandemic but received handling fee reimbursements from the NTFB. The reimbursements have been recorded in service fees in the accompanying statement of activities and changes in net assets. Any NTFB donated food not distributed to CDP is distributed to the Organization's participants.

Note 9: Net Assets with Donor Restrictions

At September 30, 2025, net assets with donor restrictions consisted of the following:

Capital campaign	\$	215,355
Utility/Rental assistance		304,035
Client assistance (scholarships)		4,479
Client assistance (job training)		40,936
Client assistance (Nourish2Flourish)		23,116
Client services (other)		18,840
Workforce development		4,426
Hub warehouse		28,485
Nurture & Nourish for the Future		42,417
	<u>\$</u>	<u>682,089</u>

Net assets released from restrictions during the year ended September 30, 2025 were as follows:

Capital campaign	\$	119,070
Utility/Rental assistance		553,048
Client assistance (scholarships)		1,000
Client assistance (job training)		65
Client assistance (Nourish2Flourish)		173,642
Client assistance (clothing)		13,550
Client assistance (holiday)		52,291
Client assistance (disaster relief, WARM)		88,164
Client services (other)		11,160
Workforce development		36,574
Hub warehouse		88,515
Nurture & Nourish for the Future		70,243
	<u>\$</u>	<u>1,207,322</u>

Sharing Life Community Outreach, Inc.
Notes to the Financial Statements
September 30, 2025

Note 10: Liquidity

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 policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the operating accounts.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets available at September 30, 2025	\$ 2,653,906
Less those unavailable for general expenditures within one year, due to: Donor-imposed restrictions, unexpended:	<u>(682,089)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,971,817</u>

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

To the Board of Directors
of Sharing Life Community Outreach, Inc.

We have audited 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, the financial statements of Sharing Life Community Outreach, Inc., which comprise the statement of financial position as of September 30, 2025, and the related statements of activities and changes in net assets, 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 February 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sharing Life Community Outreach, Inc.'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 Sharing Life Community Outreach, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Sharing Life Community Outreach, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

SST Accountants & Consultants

SST Accountants & Consultants PLLC

February 3, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
of Sharing Life Community Outreach, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sharing Life Community Outreach, Inc.'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 Sharing Life Community Outreach, Inc.'s major federal programs for the year ended September 30, 2025. Sharing Life Community Outreach, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sharing Life Community Outreach, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sharing Life Community Outreach, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sharing Life Community Outreach, Inc.'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 Sharing Life Community Outreach, Inc.'s federal programs.

Auditors' 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 Sharing Life Community Outreach, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 Sharing Life Community Outreach, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Sharing Life Community Outreach, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sharing Life Community Outreach, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sharing Life Community Outreach, Inc.'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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

SST Accountants & Consultants

SST Accountants & Consultants PLLC

February 3, 2026

Sharing Life Community Outreach, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Agency/ Pass-through Grantor/Program Title	Assistance Listing Number	Cluster Name	Pass-through Grantor's #	Federal Expenditures	Provided to Subrecipients
U.S. Department of Agriculture					
North Texas Food Bank					
Emergency Food Assistance Program - Food Commodities	10.569	Food Distribution Cluster	N/A	\$ 5,355,900	\$ 3,575,541
The Emergency Food Assistance Program Commodity Credit Corporation Eligible Recipient Funds	10.187		N/A	990,203	66,109
Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182		N/A	1,540,042	1,028,115
Total U.S. Department of Agriculture				<u>7,886,145</u>	<u>4,669,765</u>
U.S. Department of Homeland Security - Federal Emergency Management Agency					
United Way					
Emergency Food and Shelter National Board Program	97.024		7826-00-80	48,785	-
U.S. Department of Treasury					
Dallas County					
Coronavirus State and Local Fiscal Recovery Funds	21.027		SLFRF #2022-037-6952	264,804	-
United Way					
COVID-19 - Dallas Rental Assistance Collaborative - Coronavirus Relief Fund	21.019		DRAC 4	3,733	-
Total U.S. Department of Treasury				<u>268,537</u>	
U.S. Department of Housing and Urban Development					
City of Mesquite					
Community Development Block Grant	14.218		B-20-MW-48-0014	1,775	-
Community Development Block Grant	14.218		B-24-MC-48-0014	58,071	-
Total U.S. Department of Housing and Urban Development				<u>59,846</u>	-
Total Expenditures of Federal Awards				<u>\$ 8,263,313</u>	<u>\$ 4,669,765</u>

Note 1: Basis of Accounting

The Schedule of Expenditures of Federal Awards (Schedule) is prepared on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2: Indirect Costs

Expenditures reported on the Schedule are recognized following, as applicable, either the cost principles in 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 15% *de minimis* indirect cost rate allowed under the Uniform Guidance and continues to use the cost allocation plan negotiated individually with its grantors, as applicable.

**Sharing Life Community Outreach, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025**

SUMMARY OF AUDITORS' RESULTS

1. We have issued an unmodified opinion on the financial statements of Sharing Life Community Outreach, Inc. as of and for the year ended September 30, 2025.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements were found.
3. The results of the financial statement audit disclosed no instances of noncompliance which were considered material to the financial statements.
4. We issued an unmodified opinion in our report on compliance for major programs for the year ended September 30, 2025.
5. No significant deficiencies or material weaknesses relating to the audit of internal control over compliance for the major federal award programs were found.
6. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The program tested as a major program for the year ended September 30, 2025 is as follows:

Emergency Food Assistance Program – Food Commodities	10.569
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8. The threshold used for distinguishing between type A and B programs was \$1,000,000.
9. Sharing Life Community Outreach, Inc. qualified as a low-risk auditee.

Findings – Financial Statements Audit

No matters are reportable.

Findings – Major Federal Award Programs Audit

No matters are reportable.

Corrective Action Plan

None

Sharing Life Community Outreach, Inc.
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended September 30, 2025

Sharing Life Community Outreach, Inc. was audited for the year ended September 30, 2024 by SST Accountants & Consultants PLLC. There were no audit findings requiring corrective actions.