

INTERFAITH FAMILY SERVICES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2020 AND 2019

INTERFAITH FAMILY SERVICES

SEPTEMBER 30, 2020 AND 2019

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Independent Auditors' Report

To the Board of Directors of
Interfaith Family Services

We have audited the accompanying consolidated financial statements of Interfaith Family Services (nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Interfaith Family Services as of September 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position and activities and changes in net assets are presented for purpose of additional analysis and are 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. This information has been subjected to the auditing procedures applied in the audits 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, such information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Sutton Frost Cary". The signature is written in a cursive, flowing style.

A Limited Liability Partnership

Arlington, Texas
February 17, 2021

Interfaith Family Services
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30,

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,538,099	\$ 1,043,161
Cash and cash equivalents - with donor restrictions	60,658	20,865
Cash and cash equivalents - restricted for residents	34,618	27,625
Cash and cash equivalents - restricted for NMTC debt service and construction	382,580	1,178,241
Pledges receivables - without donor restrictions	282,042	258,632
Pledges receivables - with donor restrictions	15,000	-
Pledges receivables - with donor restrictions for capital campaign	25,000	50,000
Other receivables	20,013	-
Interest receivable	53,927	53,927
Prepaid expenses	36,927	63,118
Total current assets	2,448,864	2,695,569
PLEDGES RECEIVABLES - WITH DONOR RESTRICTIONS FOR CAPITAL CAMPAIGN - NET	-	24,289
NOTE RECEIVABLE	6,471,200	6,471,200
PROPERTY, PLANT AND EQUIPMENT - NET	10,737,171	10,981,475
TOTAL ASSETS	\$ 19,657,235	\$ 20,172,533

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 53,413	\$ 77,171
Accrued expenses	154,732	1,010,303
Deferred income	-	12,600
Refundable advance	100,000	-
Deferred revenue - residency fees	21,269	16,242
Due to residents	13,349	11,383
Notes payable - current	35,366	33,939
Total current liabilities	378,129	1,161,638
NOTE PAYABLE - NONCURRENT	9,157,740	9,154,721
TOTAL LIABILITIES	9,535,869	10,316,359
NET ASSETS		
Without donor restrictions		
Board designated	600,000	600,000
Undesignated	9,420,708	9,161,020
Total net assets without donor restrictions	10,020,708	9,761,020
With donor restrictions	100,658	95,154
Total net assets	10,121,366	9,856,174
TOTAL LIABILITIES AND NET ASSETS	\$ 19,657,235	\$ 20,172,533

The accompanying notes are an integral part of these consolidated financial statements.

Interfaith Family Services
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions and grants	\$ 2,321,157	\$ 137,800	\$ 2,458,957
Childcare revenue	173,847	-	173,847
Residency fees	1,675	-	1,675
Special event income	314,331	-	314,331
Less: direct expense	<u>(115,770)</u>	<u>-</u>	<u>(115,770)</u>
Net special event income	198,561	-	198,561
Interest and dividends	67,923	-	67,923
Federal grants	224,463	-	224,463
Other	51,361	-	51,361
Net assets released from restriction	<u>132,296</u>	<u>(132,296)</u>	<u>-</u>
Total revenue	<u>3,171,283</u>	<u>5,504</u>	<u>3,176,787</u>
EXPENSES			
Program services			
Children's Service	596,055	-	596,055
Childcare	442,029	-	442,029
Adult Education Programs	490,794	-	490,794
Home & Hope Residential Services	412,503	-	412,503
Community Relations	<u>79,310</u>	<u>-</u>	<u>79,310</u>
Total program services	2,020,691	-	2,020,691
Supporting services			
Management and general	525,200	-	525,200
Fundraising	<u>365,704</u>	<u>-</u>	<u>365,704</u>
Total supporting services	<u>890,904</u>	<u>-</u>	<u>890,904</u>
Total expenses	<u>2,911,595</u>	<u>-</u>	<u>2,911,595</u>
CHANGES IN NET ASSETS	259,688	5,504	265,192
NET ASSETS, at beginning of year	<u>9,761,020</u>	<u>95,154</u>	<u>9,856,174</u>
NET ASSETS, at end of year	<u>\$ 10,020,708</u>	<u>\$ 100,658</u>	<u>\$ 10,121,366</u>

The accompanying notes are an integral part of these consolidated financial statements.

Interfaith Family Services
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions and grants	\$ 1,499,019	\$ 376,074	\$ 1,875,093
Residency fees	7,263	-	7,263
Special event income	446,799	-	446,799
Less: direct expense	<u>(115,537)</u>	<u>-</u>	<u>(115,537)</u>
Net special event income	331,262	-	331,262
Interest and dividends	96,790	-	96,790
Other	639	-	639
Net assets released from restriction	<u>730,358</u>	<u>(730,358)</u>	<u>-</u>
Total revenue	<u>2,665,331</u>	<u>(354,284)</u>	<u>2,311,047</u>
EXPENSES			
Program services			
Case Management	545,981	-	545,981
Hope & Horizons	428,517	-	428,517
Career & Financial Education	303,078	-	303,078
Residential Services	262,183	-	262,183
Community Relations	<u>118,021</u>	<u>-</u>	<u>118,021</u>
Total program services	1,657,780	-	1,657,780
Supporting services			
Management and general	449,241	-	449,241
Fundraising	<u>297,962</u>	<u>-</u>	<u>297,962</u>
Total supporting services	<u>747,203</u>	<u>-</u>	<u>747,203</u>
Total expenses	<u>2,404,983</u>	<u>-</u>	<u>2,404,983</u>
CHANGES IN NET ASSETS	260,348	(354,284)	(93,936)
NET ASSETS, at beginning of year	<u>9,500,672</u>	<u>449,438</u>	<u>9,950,110</u>
NET ASSETS, at end of year	<u>\$ 9,761,020</u>	<u>\$ 95,154</u>	<u>\$ 9,856,174</u>

The accompanying notes are an integral part of these consolidated financial statements.

Interfaith Family Services
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30,

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 265,192	\$ (93,936)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation and amortization	314,161	116,940
Amortization of loan origination fees	39,980	51,386
Contributions restricted for capital campaign	-	(45,250)
Amortization of net present value discount	(711)	1,685
Changes in operating assets and liabilities, net		
Pledges receivable	(38,410)	(69,305)
Other receivables	(20,013)	
Interest receivable	-	(32,115)
Prepaid expenses	26,191	(5,772)
Other assets	-	4,177
Accounts payable	(23,758)	71,656
Accrued expenses	(79,395)	(73,047)
Deferred income	(12,600)	12,600
Refundable advance	100,000	-
Deferred revenue - residency fees	5,027	(12,291)
Due to residents	1,966	665
Net cash provided by (used in) operating activities	577,630	(72,607)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(846,033)	(6,536,319)
Net cash used in investing activities	(846,033)	(6,536,319)
Cash flows from financing activities		
Payments on notes payable	(35,534)	(28,932)
Collections of contributions for long-term purposes:		
Capital campaign	50,000	401,214
Net cash provided by financing activities	14,466	372,282
 DECREASE IN CASH AND CASH EQUIVALENTS	 (253,937)	 (6,236,644)
CASH AND CASH EQUIVALENTS, beginning of year	2,269,892	8,506,536
CASH AND CASH EQUIVALENTS, end of year	\$ 2,015,955	\$ 2,269,892
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	\$ 136,271	\$ 42,992
Non-cash transactions		
Interest expense	\$ 82,685	\$ 127,640
Additions to property, plant and equipment	\$ -	\$ 717,519
Reconciliation of cash and cash equivalents reported within the consolidated statements of financial position to the consolidated statements of cash flows:		
Cash and cash equivalents	\$ 1,538,099	\$ 1,043,161
Cash and cash equivalents - with donor restrictions	60,658	20,865
Cash and cash equivalents - restricted for residents	34,618	27,625
Cash and cash equivalents - restricted for NMTC debt service and construction	382,580	1,178,241
Total cash and cash equivalents shown in the consolidated statement of cash flows	\$ 2,015,955	\$ 2,269,892

The accompanying notes are an integral part of these consolidated financial statements.

Interfaith Family Services
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2020

	Program Services					Supporting Services					Total
	Children's Service	Childcare	Adult Education Programs	Home & Hope Residential Services	Community Relations	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries, benefits, and contract labor	\$ 254,140	\$ 252,302	\$ 178,652	\$ 221,209	\$ 67,335	\$ 973,638	\$ 304,185	\$ 197,329	\$ 501,514	\$ 1,475,152	
Properties expenses	56,411	26,471	61,176	91,421	2,951	238,430	24,151	34,370	58,521	296,951	
Resident expenses	10,025	24,265	16,939	32,584	187	84,000	-	-	-	84,000	
Telephone	5,847	11,693	2,506	5,008	835	25,889	4,176	2,506	6,682	32,571	
Depreciation and amortization	126,430	54,195	79,505	18,419	2,766	281,315	23,958	8,888	32,846	314,161	
Marketing and branding	-	-	-	-	-	-	-	63,158	63,158	63,158	
Materials and supplies	4,878	7,025	5,617	2,063	480	20,063	10,554	1,305	11,859	31,922	
Newsletter and other	-	-	-	-	-	-	-	13,333	13,333	13,333	
Automotive	2,452	-	-	3,862	-	6,314	-	-	-	6,314	
Professional fees	1,700	-	21,199	21,776	243	44,918	114,328	9,390	123,718	168,636	
Interest expense	102,282	42,364	64,586	4,479	1,067	214,778	2,461	1,717	4,178	218,956	
Office and postage	24,364	12,182	5,221	8,701	1,740	52,208	13,563	7,564	21,127	73,335	
Rent and utility assistance	-	-	44,209	-	-	44,209	-	-	-	44,209	
Other	7,526	11,532	11,184	2,981	1,706	34,929	27,824	26,144	53,968	88,897	
	<u>\$ 596,055</u>	<u>\$ 442,029</u>	<u>\$ 490,794</u>	<u>\$ 412,503</u>	<u>\$ 79,310</u>	<u>\$ 2,020,691</u>	<u>\$ 525,200</u>	<u>\$ 365,704</u>	<u>\$ 890,904</u>	<u>\$ 2,911,595</u>	

The accompanying notes are an integral part of these consolidated financial statements.

Interfaith Family Services
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2019

	Program Services					Supporting Services				Total
	Case Management	Hope & Horizons	Career & Financial Education	Residential Services	Community Relations	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, benefits, and contract labor	\$ 455,890	\$ 30,798	\$ 81,021	\$ 59,191	\$ 97,893	\$ 724,793	\$ 337,771	\$ 128,139	\$ 465,910	\$ 1,190,703
Properties expenses	33,728	158,570	82,678	125,348	8,319	408,643	8,998	34,444	43,442	452,085
Resident expenses	12,186	24,681	25,346	45,805	2,638	110,656	-	-	-	110,656
Telephone	2,831	1,408	7,549	472	472	12,732	3,879	1,887	5,766	18,498
Depreciation and amortization	1,149	65,369	29,013	14,785	538	110,854	4,023	2,063	6,086	116,940
Marketing and branding	-	-	-	-	-	-	-	52,686	52,686	52,686
Materials and supplies	7,532	6,536	5,320	3,794	1,392	24,574	10,100	6,781	16,881	41,455
Newsletter and other	-	-	-	-	-	-	-	26,274	26,274	26,274
Automotive	-	1,922	-	5,132	-	7,054	-	-	-	7,054
Professional fees	26,132	23	-	173	2,444	28,772	50,854	9,415	60,269	89,041
Interest expense	-	111,516	50,121	3,488	839	165,964	3,299	1,369	4,668	170,632
Office and postage	2,975	20,100	21,848	2,563	2,331	49,817	14,423	7,519	21,942	71,759
Other	3,558	7,594	182	1,432	1,155	13,921	15,894	27,385	43,279	57,200
	<u>\$ 545,981</u>	<u>\$ 428,517</u>	<u>\$ 303,078</u>	<u>\$ 262,183</u>	<u>\$ 118,021</u>	<u>\$ 1,657,780</u>	<u>\$ 449,241</u>	<u>\$ 297,962</u>	<u>\$ 747,203</u>	<u>\$ 2,404,983</u>

The accompanying notes are an integral part of these consolidated financial statements.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Organization is a non-profit organization serving families in the Dallas area. The Organization's mission is to empower families in crisis to break the cycle of poverty. The Organization exclusively serves working poor families – 90% of whom consist of single mothers with children. The Organization provides many layers of support to bring about systemic, enduring changes to Dallas-area homeless families by teaching, mentoring, and supporting them with a nurturing community as well as accountability-based programs and services that strive to assist families in becoming self-sufficient. The Organization receives funding from individuals, corporations, foundations, and churches. The Organization's programs are as follows:

Children's Service (formerly known as Hope & Horizons) – is designed to stabilize homeless children through a combination of arts and crafts that emphasize creativity, play therapy to address emotional and social issues, individualized tutoring to address common academic gaps, and field trips and camps that expose children to the larger world.

Childcare – The Moody Family Childcare Center and its staff are fully licensed according to the Texas Child Care Licensing regulations and utilize the highly acclaimed Frog Street Curriculum. Childcare is free for unemployed clients enrolled in the Organization's program until Child Care Assistance is received. Discounted rates are offered to educators and law enforcement officers. Childcare is offered weekdays, evenings, and Saturdays and is open to both clients of the Organization and community members.

Adult Education Programs (formerly known as Career & Financial Education) – provides career services and financial coaching in tandem to ensure that working poor families will not just earn more, but also have the tools and knowledge to allocate their earnings appropriately. The Organization's graduates can live at ease knowing that a loss of hours, family illness, or needed car repair will not thrust them into homelessness. By reducing debt, creating a savings safety net, and a weekly budget, clients are empowered to break the generational cycle of poverty.

Home & Hope Residential Services (formerly known as Residential Services) – provides housing for homeless families in one of our 23 lovingly decorated, furnished apartments. The apartments are rent-free if families enter the program unemployed. Upon obtaining employment, the Organization requires a monthly occupancy charge of 30% of the net family income. To encourage savings, the Organization returns 100% of that charge to families who meet the savings target and successfully complete all other program requirements.

Community Relations – provides education to the community regarding the Organization's programs and services.

Case Management – is designed for individuals who are unemployed or struggling financially. This program allows families, who do not reside with the Organization, to have access to the Organization's resources including GED/ESL, vocational training, career coaching, free childcare, optional rental and/or utility assistance, financial coaching and counseling services. During 2020, this program was merged into other programs.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

In January 2018, the Interfaith Family Services (“IFS”) established two new 501(c)(3) entities, IFS Hope Center (“Hope”) and IFS Empowerment Center (“Empowerment”), collectively referred to as “the Organization”. A majority of the directors are appointed by IFS. On January 18, 2018, IFS’ board approved a resolution to transfer Hope Street and Ross Avenue real property and improvements to the newly formed IFS Empowerment Center. The entities were established for the purpose of entering into a New Market Tax Credit (“NMTC”) transaction.

NMTC is a federal tax credit program created to attract private investment for business and real estate developments in low income neighborhoods. The City of Dallas (the “City”) created the Dallas Development Fund (“DDF”) to apply for a NMTC allocation. On January 10, 2018, the City authorized an approximately \$6 million NMTC transaction with DDF Mike, LLC (“DDF Mike”), the Organization and JPMorgan Chase (NA) (the “Bridge Lender”). Pacesetter CDE, Inc., (“Pacesetter”), a Texas non-profit corporation, also authorized a NMTC allocation of \$3.5 million. Loans totaling \$9,380,000, including \$9,280,000 to Empowerment and \$100,000 to Hope, were provided to help fund construction of the Family Empowerment Center and renovation of the Hope Center, collectively the “Project”. As part of the NMTC, the Organization also funded \$6,471,200 to Chase NMTC Interfaith Investment Fund, LLC (“Investment Fund”) as a leveraged lender. IFS has determined it expects to meet the requirements of a qualified active low-income community business (“QALICB”) throughout the entire period of the qualified low-income community investment. See Note 4 for promissory notes receivable and Note 6 for promissory notes payable. DDF, DDF Mike, Bridge Lender and Pacesetter are not related to the Organization.

The NMTC requires IFS to separately report the portion of the business (“POB”) and the portion of the Organization’s business that is excluded from the POB which is referred to as (“NonPOB”). The POB consists of operations of Empowerment and Hope and all other activity of the Organization with the exception of the NonPOB activity. The NonPOB consists of operating the three-building apartment complex that is owned by the Organization, the leverage loan, nonqualified financial property and any capital campaign contributions and grants that were received in connection with the development of Empowerment.

IFS also entered into a premise lease with Empowerment and a sublease with Hope for use of the Project. See Note 11.

All intercompany activity has been eliminated.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions. See Note 7.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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. See Note 8. Donor restrictions on contributions of property and equipment or contributions restricted for the purchase or construction of property expire when the assets are placed in service unless the donor stipulated otherwise.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liquidity and Availability

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. See Note 2.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. The FDIC deposit insurance insures deposits, money market accounts and certificates of deposit up to \$250,000 per depositor, per insured bank for each ownership category. The Organization maintains cash balances in accounts located in Dallas, Texas which at times may exceed federally insured limits. Uninsured balances totaled \$1,422,417 and \$1,757,937 at September 30, 2020 and 2019, respectively.

Restricted Cash and Cash Equivalents

At September 30, 2020 and 2019, restricted cash and cash equivalents represents donor-restricted contributions, cash restricted for residents and cash restricted for NMTC debt service and construction. The cash restricted for NMTC debt service and construction are required to be held in separate bank accounts as required by the NMTC agreements. Amounts required to be held in separate bank accounts at September 30, 2020 and 2019 were \$382,580 and \$1,178,241, respectively.

Pledges Receivable

Pledges receivable consist of unconditional promises to give from various donors. The Organization's management conducts periodic reviews of pledges receivable to determine their collectability and valuation and establishes an allowance for any doubtful accounts if needed. See Note 3.

Fair Value of Financial Instruments

The Organization evaluates the fair value of its financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying values of financial instruments are considered to approximate fair value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. The Organization capitalizes expenditures for property, plant and equipment in excess of \$1,000 and with an estimated useful life greater than one year. In-kind assets are recorded at fair value except for equipment and resident apartment furniture. The resident apartment furniture is usually kept by the residents when they complete the program and move out of the Organization's apartments. Depreciation and amortization of property, plant and equipment is computed on a straight-line basis over the estimated useful lives as follows:

	<u>Estimated Useful Lives</u>
Website, software, automobiles and video	5 years
Furniture, fixtures and equipment	5-10 years
Landscaping and signage	15 years
Building and improvements	5-40 years

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows.

Loan Origination Fees

The loan origination fees associated with the notes payables listed in Note 6 to the consolidated financial statements are included in notes payable on the consolidated statements of financial position. Amortization of loan origination fees were \$39,980 and \$51,386 for the years ended September 30, 2020 and 2019, respectively, and is included in interest expense on the consolidated statements of functional expenses.

Refundable Advance

Refundable advances include amounts received prior to the year end in connection with the special event that is held after year end.

Deferred Revenue

Occupancy fees received from residents are deferred. Residents who successfully complete the program receive 100% of the fees returned to them. If a resident does not complete the program, the resident forfeits the fees and the Organization recognizes the fees as revenue.

Retirement Plan

The Organization maintains a qualified cash or deferred compensation plan under Section 403(b) of the Internal Revenue Code that permits employees to make voluntary contributions. The Organization does not contribute to the retirement plan.

Donated Goods and Services

Donated services are reflected in the consolidated financial statements at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, many individuals volunteer their time and efforts that help the Organization provide its services. The value of this contributed time is not reflected in the accompanying consolidated financial statements because it does not meet the above criteria.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

	<u>Method of Allocation</u>
Salaries, benefits, and contract labor	Time and effort
Repairs and maintenance, liability insurance and utilities	Square footage
Office supplies and information technology	Full time equivalents
Depreciation	Square footage and use of assets
Interest expense	Square footage

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions and grants are generally recorded only upon receipt unless evidence of an unconditional promise to give has been received. Unconditional promises to give (pledges receivable) that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions to which they are subject are met.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

IFS, Hope and Empowerment are exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code, except to the extent it has unrelated business income. For the years ended September 30, 2020 and 2019, the Organization had no material unrelated business income. Accordingly, no provision for income taxes has been provided for in the accompanying consolidated financial statements.

The Organization has concluded that it does not have any unrecognized tax benefits resulting from current or prior period tax positions. Accordingly, no additional disclosures have been made on the consolidated financial statements regarding ASC 740, *Income taxes*. The Organization does not have any outstanding interest or penalties, and none have been recorded in the statements of activities and changes in net assets for the years ended September 30, 2020 and 2019. The Organization's informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Organization is no longer subject to income tax examinations by tax authorities for years prior to 2017.

2. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets that are available or expected to be available within one year of September 30, 2020 and 2019 to fund general expenditures and obligations as they become due:

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 2,015,955	\$ 2,269,892
Pledges receivable	322,042	308,632
Other receivables	20,013	-
Interest receivable	53,927	53,927
Total financial assets	2,411,937	2,632,451
Less amounts not available to be used within one year, due to		
Designated by Board for operating reserve	(600,000)	(600,000)
Pledges receivable restricted for capital campaign	(25,000)	(50,000)
Cash restricted for construction	(295,480)	(1,178,241)
Cash restricted for residents	(34,618)	(27,625)
Financial assets available to meet general expenditures within one year	\$ 1,456,839	\$ 776,585

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization regularly monitors liquidity and resources required to meet its operational needs and other contractual commitments. To help manage unanticipated liquidity needs, Organization's Board has designated an operating reserve of \$600,000.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. PLEDGES RECEIVABLE

Included in pledges receivable are amounts that comprise unconditional promises to give due to the Organization at September 30,:

	2020	2019
Pledges receivable	\$ 322,042	\$ 333,632
Less: unamortized discount	-	(711)
	\$ 322,042	\$ 332,921
	2020	2019
Net amounts due in:		
Less than one year	\$ 322,042	\$ 308,632
One year to five years (less unamortized discount)	-	24,289
	\$ 322,042	\$ 332,921

4. NOTE RECEIVABLE

	2020	2019
Note receivable dated May 29, 2018 from Investment Fund in the principal amount of \$6,471,200 to be paid in 28 years with interest at 1%. Interest is due quarterly and principle and interest payments begin on December 10, 2026. The note matures on December 1, 2045. The note is secured by the amended and restated deed of trust.	\$ 6,471,200	\$ 6,471,200

Collections of the note receivable is as follows:

September 30, 2021	\$	-
September 30, 2022		-
September 30, 2023		-
September 30, 2024		-
September 30, 2025		-
Thereafter		6,471,200
		\$ 6,471,200

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment – net consist of the following at September 30,:

	2020	2019
Building and improvements	\$ 9,870,513	\$ 9,850,955
Land	1,391,067	1,391,067
Furniture and equipment	305,386	255,090
Automobiles	108,713	108,713
Computers and equipment	76,284	76,284
Landscaping	63,940	63,940
Signage	34,624	34,624
Website	13,300	13,300
Software	6,923	6,923
Video	5,000	5,000
	11,875,750	11,805,896
Less: accumulated depreciation and amortization	(1,138,580)	(824,421)
Total property, plant and equipment – net	\$ 10,737,170	\$ 10,981,475

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation and amortization expense on property, plant and equipment was \$314,162 and \$116,940 for the years ended September 30, 2020 and 2019, respectively.

6. NOTES PAYABLE

Notes payable consist of the following at September 30,:

	2020	2019
Note payable dated May 29, 2018 to Bridge Lender in the principal amount \$1,000,000; to be paid in 84 months with interest at LIBOR plus 2%. The note is secured by the amended and restated deed of trust. \$	928,140	\$ 963,674
Note payable dated May 29, 2018 to DDF Mike in the principal amount of \$3,987,600 to be paid in 35 years with interest at 1.178%. The note is secured by the amended and restated deed of trust.	3,987,600	3,987,600
Note payable dated May 29, 2018 to DDF Mike in the principal amount of \$1,892,400 to be paid in 35 years with interest at 1.178%. The note is secured by the amended and restated deed of trust.	1,892,400	1,892,400
Note payable dated May 29, 2018 to Pacesetter in the principal amount of \$2,412,640 to be paid in 35 years with interest at 1.178%. The note is secured by the amended and restated deed of trust.	2,412,640	2,412,640
Note payable dated May 29, 2018 to Pacesetter in the principal amount of \$987,360 to be paid in 35 years with interest at 1.178%. The note is secured by the amended and restated deed of trust.	987,360	987,360
Note payable dated May 29, 2018 to Pacesetter in the principal amount of \$70,960 to be paid in 35 years with interest at 1.178%. The note is secured by the amended and restated deed of trust.	70,960	70,960
Note payable dated May 29, 2018 to Pacesetter in the principal amount of \$29,040 to be paid in 35 years with interest at 1.178%. The note is secured by the amended and restated deed of trust.	29,040	29,040
	10,308,140	10,343,674
Less: note payable – current portion	(35,366)	(33,939)
Less: unamortized loan origination fees	(1,115,034)	(1,155,014)
	\$ 9,157,740	\$ 9,154,721

Maturities of notes payable are as follows:

September 30, 2021	\$	35,366
September 30, 2022		36,853
September 30, 2023		38,403
September 30, 2024		40,017
September 30, 2025		777,500
Thereafter		9,380,001
		10,308,140
Less: amounts representing loan origination fees		(1,115,034)
		\$ 9,193,106

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. NOTES PAYABLE (Continued)

The Organization is not permitted to prepay any portion of the loans until the seventh anniversary of the loan. After the seventh anniversary of the note receivable (See Note 4), Chase Community Equity, LLC (“CCE”) can exercise its put option to sell its interest in the Investment Fund to the Organization for \$1,000. If CCE does not exercise the put option, the Organization can exercise its call option to purchase the interest in the Investment Fund at fair market value. After exercising its option to purchase the interest in the Investment Fund, the Organization may cancel the NMTC notes payable.

7. BOARD DESIGNATED NET ASSETS

The Organization’s board has designated from net assets without donor restrictions an operating reserve of \$600,000 for the years ended September 30, 2020 and 2019. The reserve is to hold assets that will be available to supplement or cover a shortage of funds for activities supported by the Organization.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following at September 30,:

	2020	2019
Subject to expenditure for specified purpose:		
Capital campaign	\$ 32,320	\$ 89,989
Equipment	5,000	5,000
Extended childcare hours	45,738	-
Adopt-a-Family	15,000	-
Other	2,600	165
	\$ 100,658	\$ 95,154

Released from net assets with donor restrictions consisted of the following for the years ended September 30,:

	2020	2019
Satisfaction of purpose restrictions:		
Capital campaign	\$ 57,668	\$ 716,199
Development	-	12,500
Programs	72,964	-
Other	1,664	1,659
	\$ 132,296	\$ 730,358

9. ACCRUED EXPENSES

Accrued expenses consisted of the following at September 30,:

	2020	2019
Accrued salaries and payroll tax	\$ 12,388	\$ 47,144
Accrued vacation	36,975	30,574
Accrued interest	99,163	58,767
Accrued retainage payable	1,260	777,436
Accrued professional fees	4,946	96,382
	\$ 154,732	\$ 1,010,303

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. AMOUNTS DUE TO RESIDENTS FOR SAVINGS PLAN

As part of the temporary housing program, a savings plan and debt reduction plan is established by each resident, whereby the residents set aside funds with the Organization for their future savings and debt reduction needs. During the time that the resident is in the program, they work to reduce any outstanding debt. Upon completion of the program, the residents are paid their individual savings balance. The amounts due to residents was \$13,349 and \$11,383 at September 30, 2020 and 2019, respectively. This amount was included in restricted cash for residents for the years ended September 30, 2020 and 2019.

11. CAPITAL LEASES

On May 29, 2018, Empowerment and Hope entered into a 99 year ground lease agreement for the land located at 5600 Ross Avenue. The lease includes a \$1 bargain purchase price at the end of the lease. Hope recorded the asset and a related capital lease. The balance of the capital lease was \$88,901 and \$87,962 at September 30, 2020 and 2019, respectively.

On May 29, 2018, Hope and the Organization entered into a 30 year sublease agreement for the existing building located at 5600 Ross Avenue. The Organization recorded the asset and a related capital lease. The balance of the capital lease was \$119,063 and \$119,377 at September 30, 2020 and 2019, respectively.

On May 29, 2018, Empowerment and the Organization entered into a 30 year premises lease. The lease was recorded as an operating lease during the Project's construction phase. After construction was completed on July 1, 2019, Empowerment and the Organization entered into a 30 year sublease agreement for the land and improvements located on 1651 Matilda Street. The Organization recorded the asset and a related capital lease. The balance of the capital lease was \$7,271,163 and \$7,174,179 at September 30, 2020 and 2019, respectively.

The following is a schedule by year of future minimum lease payments remaining on the capital leases payable together with the present value of the future minimum lease payments as of September 30, 2020:

September 30, 2021	\$ 85,061
September 30, 2022	85,082
September 30, 2023	85,104
September 30, 2024	85,126
September 30, 2025	86,199
Thereafter	<u>10,295,916</u>
Total minimum lease payments	10,722,488
Less amounts representing interest	<u>(3,243,361)</u>
Net present value of future minimum lease payments	<u>\$ 7,479,127</u>

On May 29, 2018, Empowerment and Hope entered into a 99 year ground lease agreement for the land located at 5600 Ross Avenue. The lease includes a \$1 bargain purchase price at the end of the lease. Empowerment recorded a capital lease receivable and disposed of the asset. The balance of the capital lease receivable was \$302,069 and \$303,109 at September 30, 2020 and 2019, respectively.

On May 29, 2018, Hope and the Organization entered into a 30 year sublease agreement for the existing building located at 5600 Ross Avenue. Hope recorded a capital lease receivable and disposed of the asset. The balance of the capital lease receivable was \$163,700 and \$166,700 at September 30, 2020 and 2019, respectively.

On July 1, 2019, Empowerment and the Organization entered into a 30 year sublease agreement for the land and improvements located at 1651 Matilda Street. Empowerment recorded a capital lease receivable and disposed of the asset. The balance of the capital lease was \$10,256,719 and \$10,328,437 at September 30, 2020 and 2019, respectively.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. CAPITAL LEASES (Continued)

The following is a schedule by year of future minimum lease payments remaining on the capital leases receivable as of September 30, 2020:

September 30, 2021	\$ 85,061
September 30, 2022	85,082
September 30, 2023	85,104
September 30, 2024	85,126
September 30, 2025	86,199
Thereafter	<u>10,295,916</u>
Total minimum lease payments	<u>\$ 10,722,488</u>

All transactions related to the capital lease payables and receivables have been eliminated in consolidation for the years ended September 30, 2020 and 2019.

12. SIGNIFICANT CONCENTRATIONS

At September 30, 2020, one donor comprised approximately \$125,000 or 40% of the pledges receivable balance. At September 30, 2019, three donors comprised approximately \$213,000 or 64% of the pledges receivable balance, of which 100% is related to the capital campaign.

At September 30, 2020, two donors comprised approximately \$750,000 or 30% of contributions and grants. At September 30, 2019, three donors comprised approximately \$890,000 or 48% of contributions and grants, of which 38% is related to the capital campaign.

13. CONDITIONAL PROMISES TO GIVE

In December 2018, the Organization received a two year grant in the amount of \$200,000 from United Way of Metropolitan Dallas (“UW”) in the amount of \$100,000 per year. The grant was conditional upon UW’s collection of its donor pledges. Through September 30, 2020, the Organization had recognized and received \$200,000.

In June 2019, the Organization received a UW three-year Community Impact grant in the amount of \$150,000 per year. For the year ended September 30, 2020, the Organization recognized revenues of \$150,000, which included \$75,000 six months of the conditional promise to give of year one and \$75,000 for the unconditional six month portion of year two. For the year ended September 30, 2019, the Organization recognized revenues of \$75,000 for the unconditional six month portion of year one. Of the total grant of \$450,000, the Organization has recognized \$225,000 and the remaining \$225,000 is conditional upon UW’s collection of its donor pledges.

In May 2019, the Organization received a three year grant in the amount of \$180,000 from the Texas Women’s Foundation. The final two years of the grant are conditional and are subject to availability of funds, satisfactory review of progress and receipt of any required financial reports. Through September 30, 2020, the Organization had recognized and received \$120,000 with the remaining \$60,000 to be received in the next fiscal year.

In February 2019, the Organization received a grant in the amount of \$314,152 from the Crystal Charity Ball (“CCB”). The grant was conditional and subject to CCB raising the funds at its gala that was held in December 2019. For the year ended September 30, 2020, the Organization recognized and received all CCB funds.

In June 2019, the Organization received a two year grant in the amount of \$500,000 from the W.W. Caruth, Jr. Foundation, which will be paid in four installments. The last three installments are conditional and are subject to the Organization meeting specific program outputs and outcomes. Through September 30, 2020, the Organization had recognized \$375,000, of which \$250,000 was received. The remaining \$250,000 is scheduled to be received in the next fiscal year.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. CONDITIONAL PROMISES TO GIVE (Continued)

On May 1, 2020, the Organization received proceeds in the amount of \$224,463 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans and grants to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four week period.

The Organization has elected to record the PPP as a conditional grant under ASC (958-605). The Organization met the conditions of the grant and recognized \$224,463 during the year ended September 30, 2020. See Note 17.

14. RISKS, ECONOMIC OUTLOOK AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. In response, the United States government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations. See Note 13.

In response to the pandemic, the Organization had to shift its strategies and change the Organization’s processes to meet the growing demand for support resulting in over \$200,000 of additional annual expenses. The Organization have received 10-12 times the usual number of monthly calls for rent and utility assistance from families facing eviction. In addition, when Dallas Independent School District closed, the Organization expanded the K – 12th afterschool program to an all-day program to support essential workers who cannot stay at home with their children despite school closures. The Organization continues to provide virtual learning support and afterschool tutoring so that children can continue to excel academically.

The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our donors and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

15. NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

In November 2016, the FASB issued ASU 2016-18 (Topic 230) – *Statement of Cash Flows*. This ASU requires entities to show the changes in the total of cash, cash equivalents and restricted cash in the statements of cash flows and reconcile those amounts to the statements of financial position. The Organization adopted ASU 2016-18 on September 30, 2020, and applied the provisions retrospectively to all periods presented in the financial statements. For the years ended September 30, 2020 and 2019, the Organization added \$477,856 and \$1,226,731, respectively of restricted cash to the total cash and cash equivalents presented in the statements of cash flows. The Adoption of ASU 2016-18 had no impact to total unrestricted revenues, excess of revenues over expenses or total net assets.

In 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The Organization has adopted this ASU as of and for the year ended September 30, 2020.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. NEW ACCOUNTING PRONOUNCEMENTS ADOPTED (Continued)

In 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, Not-for-Profit Entities or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions.

The term used in the presentation of financial statements to label revenue (for example, contributions and grants and tuition and fees) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The Organization has adopted this ASU as of and for the year ended September 30, 2020.

16. NEW ACCOUNTING PRONOUNCEMENTS

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification. The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's consolidated financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, Leases (ASC Topic 842) for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (ROU) assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For lessors, the standard has two types of leases for financial statement recognition purposes: operating leases and finance leases. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. Lessors will account for operating leases using an approach that is substantially equivalent to existing standards. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the consolidated financial statements.

17. SUBSEQUENT EVENTS

The Organization submitted a PPP loan forgiveness application to JPMorgan Chase Bank, N.A ("Chase Bank"). On January 28, 2021, the Organization received notification that the PPP loan forgiveness request has been approved by Chase Bank and submitted to the Small Business Administration for final loan forgiveness decision.

In connection with the preparation of the consolidated financial statements, subsequent events have been evaluated by the Organization through February 17, 2021, which was the date the consolidated financial statements were available for issuance, and concluded that no disclosures were required.

SUPPLEMENTAL INFORMATION

Interfaith Family Services
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
September 30, 2020

	Interfaith Family Services						Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services	IFS Empowerment Center	IFS Hope Center	Elimination	
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 1,524,000	\$ -	\$ 1,524,000	\$ -	\$ 14,099	\$ -	\$ 1,538,099
Cash and cash equivalents - with donor restrictions	53,337	7,321	60,658	-	-	-	60,658
Cash and cash equivalents - restricted for residents	13,349	21,269	34,618	-	-	-	34,618
Cash and cash equivalents - restricted for NMTC debt service and construction	-	-	-	382,580	-	-	382,580
Pledges receivables - without donor restrictions	282,042	-	282,042	-	-	-	282,042
Pledges receivables - with donor restrictions	15,000	-	15,000	-	-	-	15,000
Pledges receivables - with donor restrictions for capital campaign	-	25,000	25,000	-	-	-	25,000
Other receivables	20,013	-	20,013	-	-	-	20,013
Interest receivable	-	53,927	53,927	-	-	-	53,927
Due (to)/from Interfaith Family Services	(36,139)	36,139	-	(555,522)	7,626	547,896	-
Due (to)/from IFS Empowerment Center	691,505	(135,983)	555,522	-	(3,337)	(552,185)	-
Due (to)/from Hope Center	(7,626)	-	(7,626)	3,337	-	4,289	-
Capital lease receivable	-	-	-	82,061	3,000	(85,061)	-
Prepaid expenses	32,838	-	32,838	4,089	-	-	36,927
Total current assets	<u>2,588,319</u>	<u>7,673</u>	<u>2,595,992</u>	<u>(83,455)</u>	<u>21,388</u>	<u>(85,061)</u>	<u>2,448,864</u>
CAPITAL LEASE RECEIVABLE	-	-	-	10,476,727	160,700	(10,637,427)	-
NOTE RECEIVABLE	-	6,471,200	6,471,200	-	-	-	6,471,200
PROPERTY, PLANT AND EQUIPMENT - NET	7,023,182	192,695	7,215,877	626,152	50,422	2,844,720	10,737,171
TOTAL ASSETS	<u>\$ 9,611,501</u>	<u>\$ 6,671,568</u>	<u>\$ 16,283,069</u>	<u>\$ 11,019,424</u>	<u>\$ 232,510</u>	<u>\$ (7,877,768)</u>	<u>\$ 19,657,235</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 50,699	\$ 629	\$ 51,328	\$ 2,085	\$ -	\$ -	\$ 53,413
Accrued expenses	49,044	12,443	61,487	92,359	886	-	154,732
Deferred interest revenue	-	-	-	-	44,637	(44,637)	-
Refundable advance	100,000	-	100,000	-	-	-	100,000
Deferred revenue - residency fees	-	21,269	21,269	-	-	-	21,269
Due to residents	13,349	-	13,349	-	-	-	13,349
Notes payable - current	-	35,366	35,366	-	-	-	35,366
Capital lease payable - current	-	-	-	-	-	-	-
Total current liabilities	<u>213,092</u>	<u>69,707</u>	<u>282,799</u>	<u>94,444</u>	<u>45,523</u>	<u>(44,637)</u>	<u>378,129</u>
DEFERRED INTEREST REVENUE	-	-	-	3,198,724	-	(3,198,724)	-
NOTE PAYABLE - NONCURRENT - NET	-	866,646	866,646	8,196,506	94,588	-	9,157,740
CAPITAL LEASE PAYABLE, NONCURRENT	7,390,226	-	7,390,226	-	88,901	(7,479,127)	-
TOTAL LIABILITIES	<u>7,603,318</u>	<u>936,353</u>	<u>8,539,671</u>	<u>11,489,674</u>	<u>229,012</u>	<u>(10,722,488)</u>	<u>9,535,869</u>
NET ASSETS (DEFICIT)							
Without donor restrictions							
Board designated	600,000	-	600,000	-	-	-	600,000
Undesignated	1,339,846	5,702,894	7,042,740	(470,250)	3,498	2,844,720	9,420,708
Total net assets without donor restrictions	<u>1,939,846</u>	<u>5,702,894</u>	<u>7,642,740</u>	<u>(470,250)</u>	<u>3,498</u>	<u>2,844,720</u>	<u>10,020,708</u>
With donor restrictions	68,337	32,321	100,658	-	-	-	100,658
Total net assets	<u>2,008,183</u>	<u>5,735,215</u>	<u>7,743,398</u>	<u>(470,250)</u>	<u>3,498</u>	<u>2,844,720</u>	<u>10,121,366</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,611,501</u>	<u>\$ 6,671,568</u>	<u>\$ 16,283,069</u>	<u>\$ 11,019,424</u>	<u>\$ 232,510</u>	<u>\$ (7,877,768)</u>	<u>\$ 19,657,235</u>

See Independent Auditor's Report on Additional Information.

Interfaith Family Services
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
September 30, 2019

Interfaith Family Services							
Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services	IFS Empowerment Center	IFS Hope Center	Elimination	Total	
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 1,006,178	\$ -	\$ 1,006,178	\$ -	\$ 36,983	\$ -	\$ 1,043,161
Cash and cash equivalents - with donor restrictions	5,165	15,700	20,865	-	-	-	20,865
Cash and cash equivalents - restricted for residents	11,383	16,242	27,625	-	-	-	27,625
Cash and cash equivalents - restricted for NMTC debt service and construction	-	-	-	1,178,241	-	-	1,178,241
Pledges receivables - without donor restrictions	258,632	-	258,632	-	-	-	258,632
Pledges receivables - with donor restrictions for capital campaign	-	50,000	50,000	-	-	-	50,000
Interest receivable	-	53,927	53,927	-	-	-	53,927
Due (to)/from Interfaith Family Services	(198,216)	198,216	-	(428,259)	(2,693)	430,952	-
Due (to)/from IFS Empowerment Center	624,241	(195,983)	428,258	-	(1,119)	(427,139)	-
Due (to)/from Hope Center	2,693	-	2,693	1,119	-	(3,812)	-
Capital lease receivable	-	-	-	70,228	3,000	(73,228)	-
Prepaid expenses	56,692	-	56,692	6,426	-	-	63,118
Total current assets	<u>1,766,768</u>	<u>138,102</u>	<u>1,904,870</u>	<u>827,755</u>	<u>36,171</u>	<u>(73,227)</u>	<u>2,695,569</u>
PLEDGES RECEIVABLES - WITH DONOR RESTRICTIONS FOR CAPITAL CAMPAIGN - NET	-	24,289	24,289	-	-	-	24,289
CAPITAL LEASE RECEIVABLE	-	-	-	10,561,319	163,700	(10,725,019)	-
NOTE RECEIVABLE	-	6,471,200	6,471,200	-	-	-	6,471,200
PROPERTY, PLANT AND EQUIPMENT - NET	<u>7,230,772</u>	<u>184,127</u>	<u>7,414,899</u>	<u>688,515</u>	<u>54,067</u>	<u>2,823,994</u>	<u>10,981,475</u>
TOTAL ASSETS	<u>\$ 8,997,540</u>	<u>\$ 6,817,718</u>	<u>\$ 15,815,258</u>	<u>\$ 12,077,589</u>	<u>\$ 253,938</u>	<u>\$ (7,974,252)</u>	<u>\$ 20,172,533</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 63,721	\$ 2,050	\$ 65,771	\$ 775	\$ 10,625	\$ -	\$ 77,171
Accrued expenses	62,745	17,547	80,292	929,588	423	-	1,010,303
Deferred revenue - residency fees	-	16,242	16,242	-	-	-	16,242
Deferred interest revenue	-	-	-	157,161	2,692	(159,853)	-
Deferred income	12,600	-	12,600	-	-	-	12,600
Due to residents	11,383	-	11,383	-	-	-	11,383
Notes payable - current	-	33,939	33,939	-	-	-	33,939
Total current liabilities	<u>150,449</u>	<u>69,778</u>	<u>220,227</u>	<u>1,087,524</u>	<u>13,740</u>	<u>(159,853)</u>	<u>1,161,638</u>
DEFERRED INTEREST REVENUE	-	-	-	3,212,244	44,631	(3,256,875)	-
NOTE PAYABLE - NONCURRENT - NET	-	898,010	898,010	8,162,290	94,421	-	9,154,721
CAPITAL LEASE PAYABLE, NONCURRENT	<u>7,293,556</u>	<u>-</u>	<u>7,293,556</u>	<u>-</u>	<u>87,962</u>	<u>(7,381,518)</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,444,005</u>	<u>967,788</u>	<u>8,411,793</u>	<u>12,462,058</u>	<u>240,754</u>	<u>(10,798,246)</u>	<u>10,316,359</u>
NET ASSETS (DEFICIT)							
Without donor restrictions							
Board designated	600,000	-	600,000	-	-	-	600,000
Undesignated	948,370	5,759,941	6,708,311	(384,469)	13,184	2,823,994	9,161,020
Total net assets without donor restrictions	<u>1,548,370</u>	<u>5,759,941</u>	<u>7,308,311</u>	<u>(384,469)</u>	<u>13,184</u>	<u>2,823,994</u>	<u>9,761,020</u>
With donor restrictions	5,165	89,989	95,154	-	-	-	95,154
Total net assets	<u>1,553,535</u>	<u>5,849,930</u>	<u>7,403,465</u>	<u>(384,469)</u>	<u>13,184</u>	<u>2,823,994</u>	<u>9,856,174</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,997,540</u>	<u>\$ 6,817,718</u>	<u>\$ 15,815,258</u>	<u>\$ 12,077,589</u>	<u>\$ 253,938</u>	<u>\$ (7,974,252)</u>	<u>\$ 20,172,533</u>

See Independent Auditor's Report on Additional Information.

Interfaith Family Services
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2020

	Interfaith Family Services			IFS Empowerment Center	IFS Hope Center	Elimination	Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services				
NET ASSETS WITHOUT DONOR RESTRICTIONS							
REVENUES WITHOUT DONOR RESTRICTIONS							
Contributions and grants	\$ 2,320,446	\$ 711	\$ 2,321,157	\$ -	\$ -	\$ -	\$ 2,321,157
Childcare revenue	173,847	-	173,847	-	-	-	173,847
Residency fees	-	1,675	1,675	-	-	-	1,675
Special event income	314,331	-	314,331	-	-	-	314,331
Less: direct expense	(115,770)	-	(115,770)	-	-	-	(115,770)
Net special event income	198,561	-	198,561	-	-	-	198,561
Interest and dividends	444	64,715	65,159	173,342	2,789	(173,367)	67,923
Federal grants	224,463	-	224,463	-	-	-	224,463
Other	42,028	-	42,028	9,333	-	-	51,361
Net assets released from restriction	74,628	57,668	132,296	-	-	-	132,296
Total revenues without donor restrictions	3,034,417	124,769	3,159,186	182,675	2,789	(173,367)	3,171,283
EXPENSES							
Program services							
Children's Service	561,934	13,735	575,669	107,552	2,932	(90,098)	596,055
Child Care	425,812	5,625	431,437	46,881	602	(36,891)	442,029
Adult Education Programs	470,794	8,668	479,462	67,773	428	(56,869)	490,794
Home & Hope Residential Services	264,798	145,105	409,903	5,848	433	(3,681)	412,503
Community Relations	76,858	114	76,972	2,637	422	(721)	79,310
Total program services	1,800,196	173,247	1,973,443	230,691	4,817	(188,260)	2,020,691
Supporting services							
Management and general	488,112	3,903	492,015	31,637	6,383	(4,835)	525,200
Fundraising	359,159	140	359,299	6,128	1,275	(998)	365,704
Total supporting services	847,271	4,043	851,314	37,765	7,658	(5,833)	890,904
Total expenses	2,647,467	177,290	2,824,757	268,456	12,475	(194,093)	2,911,595
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	386,950	(52,521)	334,429	(85,781)	(9,686)	20,726	259,688
NET ASSETS WITH DONOR RESTRICTIONS							
REVENUES WITH DONOR RESTRICTIONS							
Contributions and grants	137,800	-	137,800	-	-	-	137,800
Net assets released from restriction	(74,628)	(57,668)	(132,296)	-	-	-	(132,296)
Total revenues with donor restrictions	63,172	(57,668)	5,504	-	-	-	5,504
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	63,172	(57,668)	5,504	-	-	-	5,504
TRANSFERS	4,526	(4,526)	-	-	-	-	-
CHANGES IN NET ASSETS	454,648	(114,715)	339,933	(85,781)	(9,686)	20,726	265,192
NET ASSETS (DEFICIT), at beginning of year	1,553,535	5,849,930	7,403,465	(384,469)	13,184	2,823,994	9,856,174
NET ASSETS (DEFICIT), at end of year	\$ 2,008,183	\$ 5,735,215	\$ 7,743,398	\$ (470,250)	\$ 3,498	\$ 2,844,720	\$ 10,121,366

See Independent Auditor's Report on Additional Information.

Interfaith Family Services
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2019

	Interfaith Family Services						Elimination	Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services	IFS Empowerment Center	IFS Hope Center			
NET ASSETS WITHOUT DONOR RESTRICTIONS								
REVENUES WITHOUT DONOR RESTRICTIONS								
Contributions and grants	\$ 1,499,019	\$ -	\$ 1,499,019	\$ -	\$ -	\$ -	\$ -	\$ 1,499,019
Residency fees	-	7,263	7,263	-	-	-	-	7,263
Special event income	446,799	-	446,799	-	-	-	-	446,799
Less: direct expense	(115,537)	-	(115,537)	-	-	-	-	(115,537)
Net special event income	331,262	-	331,262	-	-	-	-	331,262
Interest and dividends	8,429	64,830	73,259	58,645	4,179	(39,293)	-	96,790
Other	639	-	639	23,625	-	(23,625)	-	639
Net assets released from restriction	14,159	716,199	730,358	-	-	-	-	730,358
Total revenues without donor restrictions	<u>1,853,508</u>	<u>788,292</u>	<u>2,641,800</u>	<u>82,270</u>	<u>4,179</u>	<u>(62,918)</u>	<u>-</u>	<u>2,665,331</u>
EXPENSES								
Program services								
Case Management	545,981	-	545,981	-	-	-	-	545,981
Hope & Horizons	179,378	32,149	211,527	2,134,488	6,097	(1,923,595)	-	428,517
Career & Financial Education	191,267	14,402	205,669	956,245	1,420	(860,256)	-	303,078
Residential Services	93,834	161,777	255,611	63,131	1,440	(57,999)	-	262,183
Community Relations	116,413	189	116,602	12,524	1,404	(12,509)	-	118,021
Total program services	<u>1,126,873</u>	<u>208,517</u>	<u>1,335,390</u>	<u>3,166,388</u>	<u>10,361</u>	<u>(2,854,359)</u>	<u>-</u>	<u>1,657,780</u>
Supporting services								
Management and general	437,127	4,598	441,725	44,943	10,786	(48,213)	-	449,241
Fundraising	295,715	233	295,948	15,459	4,235	(17,680)	-	297,962
Total supporting services	<u>732,842</u>	<u>4,831</u>	<u>737,673</u>	<u>60,402</u>	<u>15,021</u>	<u>(65,893)</u>	<u>-</u>	<u>747,203</u>
Total expenses	<u>1,859,715</u>	<u>213,348</u>	<u>2,073,063</u>	<u>3,226,790</u>	<u>25,382</u>	<u>(2,920,252)</u>	<u>-</u>	<u>2,404,983</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(6,207)	574,944	568,737	(3,144,520)	(21,203)	2,857,334	-	260,348
NET ASSETS WITH DONOR RESTRICTIONS								
REVENUES WITH DONOR RESTRICTIONS								
Contributions and grants	1,824	374,250	376,074	-	-	-	-	376,074
Net assets released from restriction	(14,159)	(716,199)	(730,358)	-	-	-	-	(730,358)
Total revenues with donor restrictions	<u>(12,335)</u>	<u>(341,949)</u>	<u>(354,284)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(354,284)</u>
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(12,335)	(341,949)	(354,284)	-	-	-	-	(354,284)
TRANSFERS	323,637	(323,637)	-	-	-	-	-	-
CHANGES IN NET ASSETS	305,095	(90,642)	214,453	(3,144,520)	(21,203)	2,857,334	-	(93,936)
NET ASSETS, at beginning of year	1,248,440	5,940,572	7,189,012	2,760,051	34,387	(33,340)	-	9,950,110
NET ASSETS (DEFICIT), at end of year	\$ 1,553,535	\$ 5,849,930	\$ 7,403,465	\$ (384,469)	\$ 13,184	\$ 2,823,994	\$ -	\$ 9,856,174

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