

INTERFAITH FAMILY SERVICES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2021 AND 2020

INTERFAITH FAMILY SERVICES

SEPTEMBER 30, 2021 AND 2020

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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, 2021 and 2020, 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Interfaith Family Services as of September 30, 2021 and 2020, 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.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
February 17, 2022

Interfaith Family Services
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30,

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,058,374	\$ 1,538,099
Cash and cash equivalents - with donor restrictions	18,065	60,658
Cash and cash equivalents - restricted for residents	27,124	34,618
Cash and cash equivalents - restricted for NMTC debt service and construction	206,548	382,580
Pledges receivables - without donor restrictions	77,958	282,042
Pledges receivables - with donor restrictions	30,000	15,000
Pledges receivables - with donor restrictions for capital campaign	-	25,000
Other receivables	64,516	20,013
Interest receivable	53,927	53,927
Prepaid expenses	34,096	36,927
Total current assets	2,570,608	2,448,864
NOTE RECEIVABLE	6,471,200	6,471,200
PROPERTY, PLANT AND EQUIPMENT - NET	10,546,227	10,737,171
TOTAL ASSETS	\$ 19,588,035	\$ 19,657,235

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 54,519	\$ 53,413
Accrued expenses	146,697	154,732
Refundable advance	42,388	100,000
Deferred revenue - residency fees	9,383	21,269
Due to residents	17,741	13,349
Notes payable - current	36,853	35,366
Total current liabilities	307,581	378,129
NOTES PAYABLE - NONCURRENT - NET	9,158,198	9,157,740
TOTAL LIABILITIES	9,465,779	9,535,869
NET ASSETS		
Without donor restrictions		
Board designated	775,000	600,000
Undesignated	9,299,190	9,420,708
Total net assets without donor restrictions	10,074,190	10,020,708
With donor restrictions	48,066	100,658
Total net assets	10,122,256	10,121,366
TOTAL LIABILITIES AND NET ASSETS	\$ 19,588,035	\$ 19,657,235

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions and grants	\$ 1,575,883	\$ 307,596	\$ 1,883,479
Childcare revenue	502,956	-	502,956
Other program revenue	199,465	-	199,465
Residency fees	10,819	-	10,819
Special event income	378,732	-	378,732
Less: direct expense	(98,856)	-	(98,856)
Net special event income	279,876	-	279,876
Interest and dividends	65,401	-	65,401
Other	66,968	-	66,968
Net assets released from restriction	360,188	(360,188)	-
Total revenue	<u>3,061,556</u>	<u>(52,592)</u>	<u>3,008,964</u>
EXPENSES			
Program services			
Children's Service	497,857	-	497,857
Childcare	589,017	-	589,017
Adult Education Programs	573,729	-	573,729
Home & Hope Residential Services	409,768	-	409,768
Community Relations	63,229	-	63,229
Total program services	<u>2,133,600</u>	<u>-</u>	<u>2,133,600</u>
Supporting services			
Management and general	539,238	-	539,238
Fundraising	335,236	-	335,236
Total supporting services	<u>874,474</u>	<u>-</u>	<u>874,474</u>
Total expenses	<u>3,008,074</u>	<u>-</u>	<u>3,008,074</u>
CHANGES IN NET ASSETS	53,482	(52,592)	890
NET ASSETS, at beginning of year	<u>10,020,708</u>	<u>100,658</u>	<u>10,121,366</u>
NET ASSETS, at end of year	<u>\$ 10,074,190</u>	<u>\$ 48,066</u>	<u>\$ 10,122,256</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, 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 STATEMENTS OF CASH FLOWS
For the Years Ended September 30,

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 890	\$ 265,192
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	316,833	314,161
Amortization of loan origination fees	39,980	39,980
Amortization of net present value discount	-	(711)
Changes in operating assets and liabilities		
Pledges receivable	189,084	(38,410)
Other receivables	(44,503)	(20,013)
Prepaid expenses	2,831	26,191
Accounts payable	1,106	(23,758)
Accrued expenses	(8,035)	(79,395)
Deferred income	-	(12,600)
Refundable advance	(57,612)	100,000
Deferred revenue - residency fees	(11,886)	5,027
Due to residents	4,392	1,966
Net cash provided by operating activities	433,080	577,630
Cash flows from investing activities		
Acquisition of property, plant and equipment	(125,889)	(846,033)
Net cash used in investing activities	(125,889)	(846,033)
Cash flows from financing activities		
Payments on notes payable	(38,035)	(35,534)
Collections of contributions for long-term purposes		
Capital campaign	25,000	50,000
Net cash provided by (used in) financing activities	(13,035)	14,466
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	294,156	(253,937)
CASH AND CASH EQUIVALENTS, beginning of year	2,015,955	2,269,892
CASH AND CASH EQUIVALENTS, end of year	\$ 2,310,111	\$ 2,015,955
Supplemental disclosures of cash flow information		
Cash paid during the year for		
Interest	\$ 168,938	\$ 178,560
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	\$ 2,058,374	\$ 1,538,099
Cash and cash equivalents - with donor restrictions	18,065	60,658
Cash and cash equivalents - restricted for residents	27,124	34,618
Cash and cash equivalents - restricted for NMTC debt service and construction	206,548	382,580
Total cash and cash equivalents shown in the consolidated statements of cash flows	\$ 2,310,111	\$ 2,015,955

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, 2021

	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	\$ 174,948	\$ 410,350	\$ 155,093	\$ 201,890	\$ 38,448	\$ 980,729	\$ 276,619	\$ 175,624	\$ 452,243	\$ 1,432,972	
Properties expenses	56,554	19,153	54,433	81,102	2,142	213,384	16,925	31,494	48,419	261,803	
Resident expenses	14,136	26,109	9,210	50,382	39	99,876	-	-	-	99,876	
Telephone	5,727	11,720	3,075	7,647	851	29,020	3,116	2,013	5,129	34,149	
Depreciation and amortization	122,231	52,374	76,749	25,277	2,642	279,273	30,032	7,528	37,560	316,833	
Marketing and branding	-	-	-	-	-	-	-	70,873	70,873	70,873	
Materials and supplies	7,550	5,545	5,889	7,513	142	26,639	6,638	1,215	7,853	34,492	
Newsletter and other	-	-	-	-	-	-	-	6,767	6,767	6,767	
Automotive	9,367	-	-	5,137	-	14,504	-	-	-	14,504	
Professional fees	1,311	461	14,131	14,281	14,483	44,667	159,954	18,974	178,928	223,595	
Interest expense	79,529	32,990	50,224	3,506	852	167,101	1,620	1,405	3,025	170,126	
Office and postage	11,630	23,823	6,806	10,182	1,729	54,170	11,440	6,899	18,339	72,509	
Rent and utility assistance	-	-	177,274	-	-	177,274	-	-	-	177,274	
Other	14,874	6,492	20,845	2,851	1,901	46,963	32,894	12,444	45,338	92,301	
	<u>\$ 497,857</u>	<u>\$ 589,017</u>	<u>\$ 573,729</u>	<u>\$ 409,768</u>	<u>\$ 63,229</u>	<u>\$ 2,133,600</u>	<u>\$ 539,238</u>	<u>\$ 335,236</u>	<u>\$ 874,474</u>	<u>\$ 3,008,074</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, 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
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 – 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 – 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 – 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 consolidated 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 \$1,875,018 and \$1,422,417 at September 30, 2021 and 2020, respectively.

Restricted Cash and Cash Equivalents

At September 30, 2021 and 2020, 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, 2021 and 2020 were \$206,548 and \$382,580, 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 \$39,980 for the years ended September 30, 2021 and 2020, 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 goods are reflected as contributions in the accompany consolidated financial statements at their estimated values on the dates of receipt. 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.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Government grants are cost reimbursement contracts that are recognized as revenue when allowable costs are incurred. Funding from government agencies is subject to specific compliance requirements and review and audit by the grantor agencies. Such audits could result in request for reimbursement by the grantor agency for expenses disallowed under terms and conditions specified in the grant agreements. In the opinion of management, the net effect of any disallowance or adjustment resulting from these activities would not be material to the Organization's financial position.

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, 2021 and 2020, 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 consolidated statements of activities and changes in net assets for the years ended September 30, 2021 and 2020. The Organization's information returns 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 2018.

Reclassification

Certain 2020 items have been reclassified to conform to the 2021 financial statement presentation.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2021 and 2020 to fund general expenditures and obligations as they become due:

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 2,310,111	\$ 2,015,955
Pledges receivable	107,958	322,042
Other receivables	64,516	20,013
Interest receivable	53,927	53,927
Total financial assets	2,536,512	2,411,937
Less amounts not available to be used within one year, due to		
Designated by Board	(775,000)	(600,000)
Pledges receivable restricted for capital campaign	-	(25,000)
Cash restricted for construction	(206,548)	(295,480)
Cash restricted for residents	(27,124)	(34,618)
Financial assets available to meet general expenditures within one year	\$ 1,527,840	\$ 1,456,839

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. See Note 7.

3. PLEDGES RECEIVABLE

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

	2021	2020
Pledges receivable	\$ 107,958	\$ 322,042
Net amounts due in:	2021	2020
Less than one year	\$ 107,958	\$ 322,042
One year to five years (less unamortized discount)	-	-
	\$ 107,958	\$ 322,042

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. NOTE RECEIVABLE

	2021	2020
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.	<u>\$ 6,471,200</u>	<u>\$ 6,471,200</u>

Collections of the note receivable is as follows:

September 30, 2022	\$	-
September 30, 2023		-
September 30, 2024		-
September 30, 2025		-
September 30, 2026		-
Thereafter		-
		<u>6,471,200</u>
		<u>\$ 6,471,200</u>

5. PROPERTY, PLANT AND EQUIPMENT

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

	2021	2020
Building and improvements	\$ 9,915,000	\$ 9,870,514
Land	1,391,067	1,391,067
Furniture and equipment	305,386	305,386
Automobiles	163,753	108,713
Computers and equipment	78,759	76,284
Landscaping	68,840	63,940
Signage	34,624	34,624
Website	13,300	13,300
Software	6,923	6,923
Video	5,000	5,000
Construction in progress	<u>4,363</u>	<u>-</u>
	11,987,015	11,875,751
Less: accumulated depreciation and amortization	<u>(1,440,788)</u>	<u>(1,138,580)</u>
Total property, plant and equipment – net	<u>\$ 10,546,227</u>	<u>\$ 10,737,171</u>

Depreciation and amortization expense on property, plant and equipment was \$316,833 and \$314,161 for the years ended September 30, 2021 and 2020, respectively.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. NOTES PAYABLE

Notes payable consist of the following at September 30,:

	2021	2020
Note payable dated May 29, 2018 to Bridge Lender in the principal amount of \$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.	\$ 890,105	\$ 928,140
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.	<u>29,040</u>	<u>29,040</u>
	10,270,105	10,308,140
Less: note payable – current portion	(36,853)	(35,366)
Less: unamortized loan origination fees	<u>(1,075,054)</u>	<u>(1,115,034)</u>
	<u>\$ 9,158,198</u>	<u>\$ 9,157,740</u>

Maturities of notes payable are as follows:

September 30, 2022	\$ 36,853
September 30, 2023	38,403
September 30, 2024	40,017
September 30, 2025	774,832
September 30, 2026	-
Thereafter	<u>9,380,000</u>
	10,270,105
Less: amounts representing loan origination fees	<u>(1,075,054)</u>
	<u>\$ 9,195,051</u>

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.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions which include amounts with board designations, are as follows at September 30,:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 9,299,190	\$ 9,420,708
Operating reserve	600,000	600,000
Debt service	<u>175,000</u>	<u>-</u>
	<u>\$ 10,074,190</u>	<u>\$ 10,020,708</u>

The operating reserve is to hold assets that will be available to supplement or cover a shortage of funds for activities supported by the Organization. The debt service is to set aside funds for early retirement of the note payable due to Bridge Lender. See Note 6.

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to passage of time	\$ 30,000	\$ -
Subject to expenditure for specified purpose:		
Capital campaign	-	32,320
Equipment	-	5,000
Extended childcare hours	-	45,738
Adopt-a-Family	16,966	15,000
Other	<u>1,100</u>	<u>2,600</u>
	<u>\$ 48,066</u>	<u>\$ 100,658</u>

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

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Capital campaign	\$ 32,321	\$ 57,668
Equipment	5,000	-
Programs	322,367	72,964
Other	<u>500</u>	<u>1,664</u>
	<u>\$ 360,188</u>	<u>\$ 132,296</u>

9. ACCRUED EXPENSES

Accrued expenses consisted of the following at September 30,:

	<u>2021</u>	<u>2020</u>
Accrued salaries and payroll tax	\$ 16,338	\$ 12,388
Accrued vacation	18,803	36,975
Accrued interest	100,351	99,163
Accrued retainage payable	1,260	1,260
Accrued professional fees	<u>9,946</u>	<u>4,946</u>
	<u>\$ 146,698</u>	<u>\$ 154,732</u>

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 \$17,741 and \$13,349 at September 30, 2021 and 2020, respectively. This amount was included in restricted cash for residents at September 30, 2021 and 2020.

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 \$89,840 and \$88,901 at September 30, 2021 and 2020, respectively.

On May 29, 2018, Hope and IFS entered into a 30 year sublease agreement for the existing building located at 5600 Ross Avenue. IFS recorded the asset and a related capital lease. The balance of the capital lease was \$118,749 and \$119,063 at September 30, 2021 and 2020, respectively.

On May 29, 2018, Empowerment and IFS 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 IFS entered into a 30 year sublease agreement for the land and improvements located on 1651 Matilda Street. IFS recorded the asset and a related capital lease. The balance of the capital lease was \$7,368,146 and \$7,271,163 at September 30, 2021 and 2020, 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, 2021:

September 30, 2022	\$ 85,082
September 30, 2023	85,104
September 30, 2024	85,126
September 30, 2025	85,149
September 30, 2026	196,222
Thereafter	<u>10,110,046</u>
Total minimum lease payments	10,646,729
Less amounts representing interest	<u>(3,069,994)</u>
Net present value of future minimum lease payments	<u>\$ 7,576,735</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 \$301,028 and \$302,069 at September 30, 2021 and 2020, respectively.

On May 29, 2018, Hope and IFS 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 \$160,700 and \$163,700 at September 30, 2021 and 2020, respectively.

On July 1, 2019, Empowerment and IFS 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 \$10,185,000 and \$10,256,719 at September 30, 2021 and 2020, 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, 2021:

September 30, 2022	\$ 85,082
September 30, 2023	85,104
September 30, 2024	85,126
September 30, 2025	85,149
September 30, 2026	196,222
Thereafter	<u>10,110,046</u>
Total minimum lease payments	<u>\$ 10,646,729</u>

All transactions related to the capital lease payables and receivables have been eliminated in consolidation for the years ended September 30, 2021 and 2020.

12. SIGNIFICANT CONCENTRATIONS

At September 30, 2021, one donor comprised approximately \$20,000 or 19% of the pledges receivable balance. At September 30, 2020, one donor comprised approximately \$125,000 or 40% of the pledges receivable balance.

At September 30, 2021, two donors comprised approximately \$771,000 or 41% of contributions and grants. At September 30, 2020, two donors comprised approximately \$750,000 or 30% of contributions and grants.

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, 2021, the Organization recognized revenues of \$112,500 with \$37,500 to be received in the next fiscal year. For the year ended September 30, 2020, the Organization recognized revenues of \$150,000. Of the total grant of \$450,000, the Organization has recognized \$412,500 and the remaining \$37,500 is conditional upon UW’s collection of its donor pledges.

In May 2017, 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 \$180,000.

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, 2021, the Organization had recognized and received \$500,000.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. CONDITIONAL PROMISES TO GIVE (Continued)

In January 2021, the Organization entered into a \$300,000 three-year performance expectations agreement for the Home & Hope program with UW. For the year ended September 30, 2021, the Organization recognized revenues of \$100,000 with \$100,000 to be received in fiscal year 2022 and \$100,000 to be received in fiscal year 2023.

In November 2020, the Organization received a conditional grant from an anonymous donor in the amount of \$1,000,000. Through September 30, 2021, the Organization had recognized and received \$500,000. See Note 17.

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. During the year ended September 30, 2021, the Organization received full forgiveness of the PPP loan and is not required to repay any of the balances or interest.

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.

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.

Interfaith has partnered with The City of Dallas and United Way for the Dallas Rent and Utilities Assistance Collaborative (DRAC4). The City of Dallas, with the support of United Way of Metropolitan Dallas (UWMD), received just under \$10 million and has granted these funds to nonprofit partners to distribute to families impacted by COVID. The Organization received approximately \$224,000 for rent and utility assistance.

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.

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. 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.

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 financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, Leases, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statements of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statements of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

In 2020, FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The Organization will be required to present contributed nonfinancial assets as separate line items in the statement of activities, apart from contributions of cash or other financial assets, and additional quantitative and qualitative disclosures will be required. The standard takes effect for annual reporting periods beginning after June 15, 2021.

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

Interfaith Family Services
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. SUBSEQUENT EVENTS

Subsequent to year end, the Organization received the remaining \$500,000 from the anonymous donor. See Note 13.

In connection with the preparation of the consolidated financial statements, subsequent events have been evaluated by the Organization through February 17, 2022, 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, 2021

	Interfaith Family Services			IFS Empowerment Center	IFS Hope Center	Elimination	Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services				
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 2,010,091	\$ 48,283	\$ 2,058,374	\$ -	\$ -	\$ -	\$ 2,058,374
Cash and cash equivalents - with donor restrictions	18,065	-	18,065	-	-	-	18,065
Cash and cash equivalents - restricted for residents	17,741	9,383	27,124	-	-	-	27,124
Cash and cash equivalents - restricted for NMTC debt service and construction	-	-	-	206,548	-	-	206,548
Pledges receivables - without donor restrictions	77,958	-	77,958	-	-	-	77,958
Pledges receivables - with donor restrictions	30,000	-	30,000	-	-	-	30,000
Other receivables	64,516	-	64,516	-	-	-	64,516
Interest receivable	-	53,927	53,927	-	-	-	53,927
Due (to)/from Interfaith Family Services	163,521	(163,521)	-	(436,935)	7,137	429,798	-
Due (to)/from IFS Empowerment Center	572,918	(135,983)	436,935	-	(4,377)	(432,558)	-
Due (to)/from Hope Center	(7,137)	-	(7,137)	4,377	-	2,760	-
Capital lease receivable	-	-	-	82,082	3,000	(85,082)	-
Prepaid expenses	32,343	-	32,343	1,753	-	-	34,096
Total current assets	<u>2,980,016</u>	<u>(187,911)</u>	<u>2,792,105</u>	<u>(142,175)</u>	<u>5,760</u>	<u>(85,082)</u>	<u>2,570,608</u>
CAPITAL LEASE RECEIVABLE	-	-	-	10,403,947	157,700	(10,561,647)	-
NOTE RECEIVABLE	-	6,471,200	6,471,200	-	-	-	6,471,200
PROPERTY, PLANT AND EQUIPMENT - NET	6,793,935	231,629	7,025,564	585,555	62,337	2,872,771	10,546,227
TOTAL ASSETS	<u>\$ 9,773,951</u>	<u>\$ 6,514,918</u>	<u>\$ 16,288,869</u>	<u>\$ 10,847,327</u>	<u>\$ 225,797</u>	<u>\$ (7,773,958)</u>	<u>\$ 19,588,035</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 53,566	\$ 953	\$ 54,519	\$ -	\$ -	\$ -	\$ 54,519
Accrued expenses	39,432	7,833	47,265	97,359	2,073	-	146,697
Deferred interest revenue	-	-	-	-	41,951	(41,951)	-
Refundable advance	42,388	-	42,388	-	-	-	42,388
Deferred revenue - residency fees	-	9,383	9,383	-	-	-	9,383
Due to residents	17,741	-	17,741	-	-	-	17,741
Notes payable - current	-	36,853	36,853	-	-	-	36,853
Capital lease payable - current	84,000	-	84,000	-	1,082	(85,082)	-
Total current liabilities	<u>237,127</u>	<u>55,022</u>	<u>292,149</u>	<u>97,359</u>	<u>45,106</u>	<u>(127,033)</u>	<u>307,581</u>
DEFERRED INTEREST REVENUE	-	-	-	3,028,042	-	(3,028,042)	-
NOTES PAYABLE - NONCURRENT - NET	-	832,724	832,724	8,230,721	94,753	-	9,158,198
CAPITAL LEASE PAYABLE, NONCURRENT	7,402,895	-	7,402,895	-	88,758	(7,491,653)	-
TOTAL LIABILITIES	<u>7,640,022</u>	<u>887,746</u>	<u>8,527,768</u>	<u>11,356,122</u>	<u>228,617</u>	<u>(10,646,728)</u>	<u>9,465,779</u>
NET ASSETS							
Without donor restrictions							
Board designated	775,000	-	775,000	-	-	-	775,000
Undesignated	1,310,863	5,627,172	6,938,035	(508,795)	(2,820)	2,872,770	9,299,190
Total net assets without donor restrictions	2,085,863	5,627,172	7,713,035	(508,795)	(2,820)	2,872,770	10,074,190
With donor restrictions	48,066	-	48,066	-	-	-	48,066
Total net assets	<u>2,133,929</u>	<u>5,627,172</u>	<u>7,761,101</u>	<u>(508,795)</u>	<u>(2,820)</u>	<u>2,872,770</u>	<u>10,122,256</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,773,951</u>	<u>\$ 6,514,918</u>	<u>\$ 16,288,869</u>	<u>\$ 10,847,327</u>	<u>\$ 225,797</u>	<u>\$ (7,773,958)</u>	<u>\$ 19,588,035</u>

See Independent Auditor's Report on Additional Information.

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

	Interfaith Family Services		Total Interfaith Family Services	IFS Empowerment Center	IFS Hope Center	Elimination	Total
	Interfaith POB	Interfaith Non-POB					
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	84,000	-	84,000	-	1,061	(85,061)	-
Total current liabilities	<u>297,092</u>	<u>69,707</u>	<u>366,799</u>	<u>94,444</u>	<u>46,584</u>	<u>(129,698)</u>	<u>378,129</u>
DEFERRED INTEREST REVENUE	-	-	-	3,198,724	-	(3,198,724)	-
NOTES PAYABLE - NONCURRENT - NET	-	866,646	866,646	8,196,506	94,588	-	9,157,740
CAPITAL LEASE PAYABLE, NONCURRENT	7,306,226	-	7,306,226	-	87,840	(7,394,066)	-
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	1,939,846	5,702,894	7,642,740	(470,250)	3,498	2,844,720	10,020,708
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 ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2021

	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	\$ 1,575,883	\$ -	\$ 1,575,883	\$ -	\$ -	\$ -	\$ 1,575,883
Childcare revenue	502,956	-	502,956	-	-	-	502,956
Other program income	199,465	-	199,465	-	-	-	199,465
Residency fees	-	10,819	10,819	-	-	-	10,819
Special event income	378,732	-	378,732	-	-	-	378,732
Less: direct expense	(98,856)	-	(98,856)	-	-	-	(98,856)
Net special event income	279,876	-	279,876	-	-	-	279,876
Interest and dividends	642	64,712	65,354	170,727	2,687	(173,367)	65,401
Other	64,968	3,177	68,145	-	(1,177)	-	66,968
Net assets released from restriction	327,867	32,321	360,188	-	-	-	360,188
Total revenues without donor restrictions	<u>2,951,657</u>	<u>111,029</u>	<u>3,062,686</u>	<u>170,727</u>	<u>1,510</u>	<u>(173,367)</u>	<u>3,061,556</u>
EXPENSES							
Program services							
Children's Service	491,388	11,844	503,232	86,961	1,177	(93,513)	497,857
Child Care	583,508	4,854	588,362	38,404	530	(38,279)	589,017
Adult Education Programs	570,294	7,481	577,775	54,768	200	(59,014)	573,729
Home & Hope Residential Services	251,079	157,315	408,394	4,968	203	(3,797)	409,768
Community Relations	61,232	98	61,330	2,443	197	(741)	63,229
Total program services	<u>1,957,501</u>	<u>181,592</u>	<u>2,139,093</u>	<u>187,544</u>	<u>2,307</u>	<u>(195,344)</u>	<u>2,133,600</u>
Supporting services							
Management and general	518,416	5,038	523,454	15,872	4,925	(5,013)	539,238
Fundraising	329,723	121	329,844	5,856	596	(1,060)	335,236
Total supporting services	<u>848,139</u>	<u>5,159</u>	<u>853,298</u>	<u>21,728</u>	<u>5,521</u>	<u>(6,073)</u>	<u>874,474</u>
Total expenses	<u>2,805,640</u>	<u>186,751</u>	<u>2,992,391</u>	<u>209,272</u>	<u>7,828</u>	<u>(201,417)</u>	<u>3,008,074</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	146,017	(75,722)	70,295	(38,545)	(6,318)	28,050	53,482
NET ASSETS WITH DONOR RESTRICTIONS							
REVENUES WITH DONOR RESTRICTIONS							
Contributions and grants	307,596	-	307,596	-	-	-	307,596
Net assets released from restriction	(327,867)	(32,321)	(360,188)	-	-	-	(360,188)
Total revenues with donor restrictions	<u>(20,271)</u>	<u>(32,321)</u>	<u>(52,592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,592)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(20,271)	(32,321)	(52,592)	-	-	-	(52,592)
CHANGES IN NET ASSETS	125,746	(108,043)	17,703	(38,545)	(6,318)	28,050	890
NET ASSETS (DEFICIT), at beginning of year	2,008,183	5,735,215	7,743,398	(470,250)	3,498	2,844,720	10,121,366
NET ASSETS (DEFICIT), at end of year	\$ 2,133,929	\$ 5,627,172	\$ 7,761,101	\$ (508,795)	\$ (2,820)	\$ 2,872,770	\$ 10,122,256

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	<u>3,034,417</u>	<u>124,769</u>	<u>3,159,186</u>	<u>182,675</u>	<u>2,789</u>	<u>(173,367)</u>	<u>3,171,283</u>
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	<u>1,800,196</u>	<u>173,247</u>	<u>1,973,443</u>	<u>230,691</u>	<u>4,817</u>	<u>(188,260)</u>	<u>2,020,691</u>
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	<u>847,271</u>	<u>4,043</u>	<u>851,314</u>	<u>37,765</u>	<u>7,658</u>	<u>(5,833)</u>	<u>890,904</u>
Total expenses	<u>2,647,467</u>	<u>177,290</u>	<u>2,824,757</u>	<u>268,456</u>	<u>12,475</u>	<u>(194,093)</u>	<u>2,911,595</u>
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	<u>63,172</u>	<u>(57,668)</u>	<u>5,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,504</u>
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	<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>
NET ASSETS (DEFICIT), at end of year	<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>

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