

Interfaith Family Services

**Consolidated Financial Statements
with Supplementary Information
September 30, 2023 and 2022**



Interfaith Family Services

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Independent Auditors' Report

To the Board of Directors of
Interfaith Family Services

Opinion

We have audited the accompanying consolidated financial statements of Interfaith Family Services (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Family Services as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Interfaith Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Organization changed its method of accounting for its leases effective October 1, 2022 as required by the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Family Services' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Interfaith Family Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Family Services' ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities are presented for purposes 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. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas
March 11, 2024

Interfaith Family Services
Consolidated Statements of Financial Position
September 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,348,761	\$ 2,465,686
Restricted cash and cash equivalents	126,317	170,542
Investments	1,031,382	-
Pledges receivable	34,805	99,074
Other receivables	108,683	59,864
Interest receivable	53,927	53,927
Prepaid expenses	77,575	38,479
Total current assets	2,781,450	2,887,572
Beneficial interest in assets held by others	9,126	8,160
Note receivable - new market tax credit	6,471,200	6,471,200
Property, plant and equipment, net	10,160,907	10,367,798
Total assets	\$ 19,422,683	\$ 19,734,730
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 16,938	\$ 36,887
Accrued expenses	204,818	204,802
Refundable advance	-	1,252
Deferred revenue - residency fees	17,787	20,064
Due to residents	9,142	9,350
Notes payable, current portion	45,828	44,115
Total current liabilities	294,513	316,470
Notes payable, net of current portion	8,990,554	9,176,086
Total liabilities	9,285,067	9,492,556
Net assets:		
Without donor restrictions:		
Board designated	612,820	784,423
Undesignated	9,501,207	9,380,751
Total net assets without donor restrictions	10,114,027	10,165,174
With donor restrictions	23,589	77,000
Total net assets	10,137,616	10,242,174
Total liabilities and net assets	\$ 19,422,683	\$ 19,734,730

See notes to consolidated financial statements.

Interfaith Family Services
Consolidated Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 1,305,268	\$ 454,941	\$ 1,760,209
Childcare revenue	705,737	-	705,737
Other program revenue	335,254	-	335,254
Residency fees	25,724	-	25,724
Special events (net of direct costs of \$155,197)	214,168	-	214,168
Interest income	68,371	-	68,371
Investment income, net	31,382	-	31,382
Gain from beneficial interest in assets held by others, net	967	-	967
Other	397,132	-	397,132
Net assets released from restriction	508,352	(508,352)	-
Total revenues and support	3,592,355	(53,411)	3,538,944
Operating expenses:			
Program services	2,818,460	-	2,818,460
Management and general	498,644	-	498,644
Fundraising	326,398	-	326,398
Total operating expenses	3,643,502	-	3,643,502
Change in net assets	(51,147)	(53,411)	(104,558)
Net assets, beginning of year	10,165,174	77,000	10,242,174
Net assets, end of year	\$ 10,114,027	\$ 23,589	\$ 10,137,616

See notes to consolidated financial statements.

Interfaith Family Services
Consolidated Statement of Activities
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 1,748,788	\$ 435,930	\$ 2,184,718
Childcare revenue	725,433	-	725,433
Other program revenue	320,711	-	320,711
Residency fees	3,167	-	3,167
Special events (net of direct costs of \$192,543)	227,675	-	227,675
Interest income	65,310	-	65,310
Loss from beneficial interest in assets held by others, net	(1,840)	-	(1,840)
Other	255,740	-	255,740
Net assets released from restriction	406,996	(406,996)	-
Total revenues and support	3,751,980	28,934	3,780,914
Operating expenses:			
Program services	2,741,589	-	2,741,589
Management and general	586,402	-	586,402
Fundraising	333,005	-	333,005
Total operating expenses	3,660,996	-	3,660,996
Change in net assets	90,984	28,934	119,918
Net assets, beginning of year	10,074,190	48,066	10,122,256
Net assets, end of year	\$ 10,165,174	\$ 77,000	\$ 10,242,174

See notes to consolidated financial statements.

Interfaith Family Services
Consolidated Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services					Total Program Services	Supporting Services			Totals
	Children's Service	Childcare	Adult Education Programs	Home & Hope Residential Services	Community Relations		Management and General	Fundraising	Total Supporting Services	
Salaries, benefits and contract labor	\$ 262,584	\$ 568,124	\$ 195,643	\$ 317,050	\$ 64,721	\$ 1,408,122	\$ 315,941	\$ 268,274	\$ 584,215	\$ 1,992,337
Advertising and marketing	-	-	-	-	-	-	-	2,551	2,551	2,551
Automotive	6,372	57	-	2,221	-	8,650	-	161	161	8,811
Depreciation and amortization	179,022	72,371	110,258	3,606	3,933	369,190	7,820	3,888	11,708	380,898
Interest	67,961	27,473	43,379	2,892	564	142,269	1,446	883	2,329	144,598
Materials and supplies	-	-	83	4,102	-	4,185	188	5,427	5,615	9,800
Office and postage	3,834	2,466	1,581	1,658	52	9,591	8,111	1,760	9,871	19,462
Other	28,702	19,227	35,015	5,836	3,768	92,548	37,693	27,230	64,923	157,471
Professional fees	-	532	-	4,700	-	5,232	93,881	9,251	103,132	108,364
Properties	72,526	37,426	54,174	127,160	1,468	292,754	25,680	3,893	29,573	322,327
Rent and utility assistance	-	-	108,591	162,656	-	271,247	-	-	-	271,247
Resident	51,210	56,107	24,724	55,509	91	187,641	1,326	340	1,666	189,307
Special events	-	-	-	-	-	-	-	155,197	155,197	155,197
Telephone	6,146	7,546	5,417	7,006	916	27,031	6,558	2,740	9,298	36,329
Total expenses	678,357	791,329	578,865	694,396	75,513	2,818,460	498,644	481,595	980,239	3,798,699
Less expenses included with revenues on the consolidated statement of activities										
Direct costs of special events	-	-	-	-	-	-	-	(155,197)	(155,197)	(155,197)
Total expenses included in the expense section on the consolidated statement of activities	\$ 678,357	\$ 791,329	\$ 578,865	\$ 694,396	\$ 75,513	\$ 2,818,460	\$ 498,644	\$ 326,398	\$ 825,042	\$ 3,643,502

See notes to consolidated financial statements.

Interfaith Family Services
Consolidated Statement of Functional Expenses
Year Ended September 30, 2022

	Program Services					Total Program Services	Supporting Services			Totals
	Children's Service	Childcare	Adult Education Programs	Home & Hope Residential Services	Community Relations		Management and General	Fundraising	Total Supporting Services	
Salaries, benefits and contract labor	\$ 233,114	\$ 403,502	\$ 194,162	\$ 264,378	\$ 66,075	\$ 1,161,231	\$ 308,741	\$ 196,982	\$ 505,723	\$ 1,666,954
Advertising and marketing	-	-	-	-	-	-	-	39,775	39,775	39,775
Automotive	5,709	-	-	2,835	-	8,544	-	-	-	8,544
Depreciation and amortization	172,782	70,202	108,489	5,853	1,000	358,326	9,045	3,155	12,200	370,526
Interest	70,892	29,054	44,776	2,956	586	148,264	2,077	724	2,801	151,065
Materials and supplies	-	-	-	178	-	178	-	11,839	11,839	12,017
Office and postage	4,019	9,061	3,301	3,836	835	21,052	9,614	7,388	17,002	38,054
Other	31,359	12,192	37,737	7,750	4,176	93,214	42,115	37,159	79,274	172,488
Professional fees	-	-	-	-	23,499	23,499	163,921	26,089	190,010	213,509
Properties	71,845	19,699	91,092	61,177	2,498	246,311	47,777	7,558	55,335	301,646
Rent and utility assistance	-	-	298,729	-	-	298,729	-	-	-	298,729
Resident	30,591	43,007	35,514	245,729	628	355,469	-	-	-	355,469
Special events	-	-	-	-	-	-	-	192,543	192,543	192,543
Telephone	5,445	6,224	5,445	8,102	1,556	26,772	3,112	2,336	5,448	32,220
Total expenses	625,756	592,941	819,245	602,794	100,853	2,741,589	586,402	525,548	1,111,950	3,853,539
Less expenses included with revenues on the consolidated statement of activities										
Direct costs of special events	-	-	-	-	-	-	-	(192,543)	(192,543)	(192,543)
Total expenses included in the expense section on the consolidated statement of activities	\$ 625,756	\$ 592,941	\$ 819,245	\$ 602,794	\$ 100,853	\$ 2,741,589	\$ 586,402	\$ 333,005	\$ 919,407	\$ 3,660,996

See notes to consolidated financial statements.

Interfaith Family Services
Consolidated Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	2023	2022
Cash flow from operating activities:		
Change in net assets	\$ (104,558)	\$ 119,918
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	345,601	331,716
Amortization of debt issuance cost	35,297	38,810
Net unrealized gains on investments	(6,532)	-
Write off of debt issuance costs	-	16,329
Change in beneficial interest in assets held by others	(966)	1,840
Changes in operating assets and liabilities:		
Pledges receivable	64,269	8,884
Other receivables	(48,819)	4,652
Prepaid expenses	(39,096)	(4,383)
Accounts payable	(19,949)	(17,632)
Accrued expenses	16	58,105
Refundable advance	(1,252)	(41,136)
Deferred revenue - residency fees	(2,277)	10,681
Due to residents	(208)	(8,391)
Net cash provided by operating activities	221,526	519,393
Cash flows from investing activities:		
Purchases of property and equipment	(138,710)	(153,287)
Purchases of investments	(1,024,850)	-
Additions to beneficial interest in assets held by others	-	(10,000)
Net cash used by investing activities	(1,163,560)	(163,287)
Cash flows from financing activities:		
Payments on notes payable	(219,116)	(20,873)
Payments for debt issuance costs	-	(9,116)
Net cash used by financing activities	(219,116)	(29,989)
Change in cash and cash equivalents	(1,161,150)	326,117
Cash and cash equivalents, beginning of year	2,636,228	2,310,111
Cash and cash equivalents, end of year	\$ 1,475,078	\$ 2,636,228
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 144,598	\$ 173,367
Noncash financing activities:		
Refinancing of notes payable	\$ -	\$ 880,000
Reconciliation of cash and restricted cash reported within the consolidated statements of financial position to the consolidated statements of cash flows:		
Cash and cash equivalents	\$ 1,348,761	\$ 2,465,686
Restricted cash and cash equivalents	126,317	170,542
Total cash and cash equivalents shown in the consolidated statements of cash flows	\$ 1,475,078	\$ 2,636,228

See notes to consolidated financial statements.

Interfaith Family Services

Notes to Consolidated Financial Statements

1. Organization

Interfaith Family Services (IFS) is a nonprofit organization serving families in the Dallas area. IFS' mission is to empower families in crisis to break the cycle of poverty. IFS exclusively serves working poor families – 90% of whom consist of single mothers with children. IFS 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.

In January 2018, IFS established two new 501(c)(3) entities, IFS Hope Center (Hope) and IFS Empowerment Center (Empowerment), for the purpose of entering into a New Market Tax Credit (NMTC) transaction.

IFS, Hope and Empowerment are collectively referred to as the Organization. The Organization is supported primarily by contributions from individuals, corporations, foundations and churches.

Program Services

The Organization's major 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.

Interfaith Family Services

Notes to Consolidated Financial Statements

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.

2. Summary of Significant Accounting Policies

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of IFS, Hope and Empowerment. Inter-organization transactions and balances have been eliminated.

Basis of Accounting

The Organization’s 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 (GAAP).

Consolidated Financial Statement Presentation

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

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors/trustees for the respective entity.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Interfaith Family Services

Notes to Consolidated Financial Statements

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), are reported as reclassifications between the applicable classes of net assets. Contributions with donor-imposed restrictions that are met in the same year as the contributions were received are reported as net assets without donor restrictions.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash and cash equivalents and unconditional promises to give. The Organization maintains cash balances at financial institutions located in Texas. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2023, the Organization's uninsured balances totaled \$963,732. Management has placed these funds with high credit quality financial institutions to minimize risk. The Organization has not experienced any losses on such assets.

Pledges receivable are unsecured and are due from various donors. The Organization continually evaluates the collectability of pledges receivable and maintains allowances for potential losses, if considered necessary. No allowance was deemed necessary at September 30, 2023 or 2022. At September 30, 2023, approximately 95% of pledges receivable were due from two donors. At September 30, 2022, approximately 97% of pledges receivable were due from six donors. At September 30, 2023 and 2022 all pledges receivable were expected to be collected within one year.

For the year ended September 30, 2023, approximately 33% of contribution revenue was received from two donors. For the year ended September 30, 2022, approximately 36% of contribution revenue was received from one donor.

The Organization's operations are within the North Texas area. Therefore, results of operations and collectability of receivables are subject to the economic conditions of the area.

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.

Interfaith Family Services

Notes to Consolidated Financial Statements

Restricted Cash

Restricted cash represents cash restricted for residents and cash held in separate accounts to be used for debt service as required by the NMTC agreements. Amounts restricted for residents as of September 31, 2023 and 2022 totaled \$9,142 and \$9,350, respectively. Amounts required to be held in separate bank accounts to be used for debt service as required by the NMTC agreements as of September 31, 2023 and 2022 totaled \$117,175 and \$161,192, respectively.

Investments

Investments consist of money market funds and U.S government securities. Investments are recorded at their fair values in the accompanying consolidated statements of financial position. Changes in the fair values are reported in the consolidated statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of investments are included in the consolidated statements of activities.

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others are valued based on underlying assets in the community foundation trust determined by third party trustees.

Note Receivable – New Market Tax Credit

The note receivable – NMTC is collateralized by the membership interests related to the NMTC transaction and is stated at the principal amount. The Organization has one class of financing receivables from a highly credible institution. Management assesses the credit quality of the NMTC note based on indicators such as collateralization and collection experience. As of September 30, 2023, no allowance has been established.

Fixed Assets

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. The fair value of donated fixed assets is capitalized. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets which range as follows:

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

Interfaith Family Services

Notes to Consolidated Financial Statements

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. No such loss was recognized during the year ended September 30, 2023 and 2022.

Loan Origination Fees

The loan origination fees associated with the notes payables listed in Note 7 to the consolidated financial statements are included in notes payable on the consolidated statements of financial position. Amortization of loan origination fees was \$35,297 and \$38,810 for the years ended September 30, 2023 and 2022, 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.

Revenue Recognition

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

Interfaith Family Services

Notes to Consolidated Financial Statements

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The Organization considers government grants to be contributions. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position.

As of September 30, 2023, the Organization has approximately \$222,400 of conditional grants from various local and government agencies. The grants will be recognized as revenue when conditions, which include performance of allowable activities and incurring allowable expenses, are met. As of September 30, 2022, the Organization had approximately \$364,500 of conditional grants from various local and government agencies recognized as revenue in the year ended September 30, 2023.

Childcare revenue, residency fees and other program revenue are recognized as services are performed. Special event revenue is recognized at the date the event occurs. Advanced payments for special event sponsorships are reported as deferred until the date of the event.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated between program services and supporting services based on managements' judgment considering space used, time spent on direct relation to the program or supporting service benefitted

Interfaith Family Services

Notes to Consolidated Financial Statements

Federal Income Taxes

IFS, Hope and Empowerment are exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and have not been classified as private foundations as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended September 30, 2023 and 2022. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of September 30, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Accounting Pronouncements Adopted

The Organization adopted ASU No. 2016-02, *Leases* (Topic 842). The guidance in the ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. The Organization elected to adopt the transition relief provisions from ASU 2016-02 and recorded the impact of adoption as of October 1, 2022, using the modified retrospective method resulting in the recording of right-of-use (ROU) assets and ROU liabilities totaling \$10,570,971 and \$7,674,343, respectively. No changes were required to net assets as of October 1, 2022. This total is made up of lease agreements previously classified as capital leases and were eliminated in consolidation as of September 30, 2023.

Interfaith Family Services

Notes to Consolidated Financial Statements

3. Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

- Level 2 Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.

- Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value, on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy:

Money Market Funds

These funds are valued using \$1 for the net asset value (NAV) which is classified within level 1 of the hierarchy.

U.S. Government Securities

These securities are valued by a third-party pricing source using pricing models maximizing the use of observable inputs for same similar securities.

The following investments are valued as Level 1 investments under the fair value hierarchy as of September 30, 2023:

Money market fund	\$ 525,487
U.S. government securities	<u>505,895</u>
Total investments	<u>\$ 1,031,382</u>

Interfaith Family Services

Notes to Consolidated Financial Statements

Net investment income consists of the following for the year ending September 30, 2023:

Dividends and interest	\$	24,850
Unrealized gains on investments		6,532
	\$	31,382

During the year ended September 30, 2023, there were no concentration of investments.

The Organization did not have any investments as of September 30, 2022.

4. Beneficial Interest in Assets Held by Others

The Organization has a beneficial interest in assets held by the Dallas Foundation valued at \$9,126 and \$8,160 as of September 30, 2023 and 2022, respectively. This consists of funds (Funds) contributed by donors and includes earnings thereon, net of distributions received.

Fair value of the Organization's beneficial interest in assets held by the Dallas Foundation is based on the value of the Organization's portion of the underlying investments in the Funds using valuation methods that are appropriate for those investments as determined by third-party trustees. These values are based on unobservable inputs and are considered Level 3 assets in the fair value hierarchy.

Withdrawals are permitted from the Funds as requested by the Organization. Any funds unspent in one year may remain in the portfolio and may be appropriated in the following fiscal year. The board of directors may also make special appropriations in addition to the annual provision.

The following table presents a rollforward of activity for assets held by the Dallas Foundation at fair value for the year ended September 30:

	2023	2022
Beginning balance	\$ 8,159	\$ -
Contributions	-	10,000
Total net investment gain included in change in net assets	967	(1,840)
Ending balance	\$ 9,126	\$ 8,160
The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	\$ 572	\$ (2,376)

Interfaith Family Services
Notes to Consolidated Financial Statements

Total net gain (loss) from beneficial interest in assets held by others consisted of the following for the year ending September 30, 2023.

	2023	2022
Realized and unrealized gains (losses)	\$ 336	\$ (1,927)
Dividends and interest	236	179
Less: investment fees	(97)	(92)
	\$ 475	\$ (1,840)

5. Note Receivable – New Market Tax Credit

The Organization holds a note receivable associated with an 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 principal 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.

Future maturities of the note receivable are as follows for the years ended September 30:

2024	\$	-	
2025		-	
2026		-	
2027		293,892	
2028		296,831	
Thereafter		5,880,477	
		\$ 6,471,200	

The interest income on the note receivable – New Market Tax Credit is approximately \$65,000 per year.

Interfaith Family Services
Notes to Consolidated Financial Statements

6. Property and Equipment

Property and equipment consist of the following at September 30:

	2023	2022
Building and improvements	\$ 9,939,990	\$ 9,909,002
Capitalized NMTC costs	51,103	51,103
Land	1,391,066	1,391,067
Furniture and equipment	317,904	305,385
Automobiles	163,753	163,753
Computers and equipment	90,502	83,094
Landscaping	94,717	81,340
Signage	34,624	34,624
Website	13,300	13,300
Software	6,923	6,923
Video	5,000	5,000
Construction in progress	99,896	25,477
Leasehold	70,234	70,234
Less: accumulated depreciation	(2,118,105)	(1,772,504)
	\$ 10,160,907	\$ 10,367,798

Depreciation expense totaled \$345,601 and \$331,716 for the years ended September 30, 2023 and 2022, respectively.

7. Notes Payable

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 (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) (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 5 for the promissory note receivable and Note 7 for promissory notes payable. DDF, DDF Mike, Bridge Lender and Pacesetter are not related to the Organization.

Interfaith Family Services

Notes to Consolidated Financial Statements

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 the non-portion of business (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.

Notes payable consist of the following at September 30:

	2023	2022
Note payable dated June 29, 2022 to a bank in the principal amount of \$880,000 to be paid in 120 months with interest at 3.96%. The note is secured by the amended and restated deed of trust.	\$ 650,117	\$ 869,232
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
	10,030,117	10,249,232
Less: notes payable - current portion	(45,828)	(44,115)
Less: unamortized loan origination fees	(993,735)	(1,029,031)
	\$ 8,990,554	\$ 9,176,086

Interfaith Family Services

Notes to Consolidated Financial Statements

The Organization is not permitted to prepay any portion of the loans until the seventh anniversary of the NMTC transaction. After the seventh anniversary of the note receivable (See Note 5), 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.

Future minimum principal payments on notes payable are as follows for the years ending September 30:

2024	\$	45,828
2025		47,793
2026		49,748
2027		348,892
2028		354,440
Thereafter		9,183,416
		\$ 10,030,117

8. Net Assets without Donor Restrictions

Net assets without donor restrictions include net assets designated by the board of directors for the following purposes at September 30:

	2023	2022
Operating reserve	\$ 426,492	\$ 601,110
Debt service	177,202	175,153
Board designated endowment	9,126	8,160
	\$ 612,820	\$ 784,423

Interfaith Family Services
Notes to Consolidated Financial Statements

9. Accrued Expenses

Accrued expenses consist of the following at September 30:

	2023	2022
Accrued salaries and payroll tax	\$ 29,287	\$ 22,457
Accrued vacation	21,667	26,204
Accrued interest	93,183	93,183
Accrued professional fees	1,400	8,490
Accrued credit card expenses	59,281	37,068
Accrued event expenses	-	17,400
	\$ 204,818	\$ 204,802

10. Net Assets with Donor Restrictions

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

	2023	2022
Subject to expenditure for specified purpose:		
Adult education	\$ -	\$ 10,000
Adopt-a-Family	19,574	55,000
Home and hope	-	10,000
Christmas gifts for children	-	2,000
Birthday project	4,015	-
	\$ 23,589	\$ 77,000

11. 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 totaled \$9,142 and \$9,350 at September 30, 2023 and 2022, respectively.

Interfaith Family Services
Notes to Consolidated Financial Statements

12. Financing 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 financing lease. The balance of the financing lease was \$91,718 and \$90,779 at September 30, 2023 and 2022, 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 financing lease. The balance of the financing lease was \$118,121 and \$118,435 at September 30, 2023 and 2022, 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 financing lease. The balance of the financing lease was \$7,562,113 and \$7,465,129 at September 30, 2023 and 2022, respectively.

The following is a schedule of future minimum lease payments under the financing lease agreements for the years ending September 30:

2024	\$ 85,126
2025	141,349
2026	144,172
2027	450,195
2028	450,219
Thereafter	<u>9,224,150</u>
Total minimum lease payments	10,495,211
Less: amounts representing interest	<u>(2,723,258)</u>
Net present value of future minimum lease payments	<u>\$ 7,771,953</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 financing lease receivable and disposed of the asset. The balance of the financing lease receivable was \$298,949 and \$299,989 at September 30, 2023 and 2022, respectively.

Interfaith Family Services

Notes to Consolidated Financial Statements

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 financing lease receivable and disposed of the asset. The balance of the financing lease receivable was \$154,700 and \$157,700 at September 30, 2023 and 2022, 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 financing lease receivable and disposed of the asset. The balance of the financing lease was \$10,041,562 and \$10,113,282 at September 30, 2023 and 2022, respectively.

The following is a schedule of future minimum lease payments remaining on the financing leases receivable for the years ending September 30:

2024		\$ 85,126
2025		141,349
2026		144,172
2027		450,195
2028		450,219
Thereafter		<u>9,224,150</u>
Total minimum lease payments		<u><u>\$ 10,495,211</u></u>

The following includes lease cost and other required information on the financing leases for the year ended September 30, 2023:

Total lease cost		<u>\$ 84,100</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Financing cash flows from leases		<u>\$ 84,100</u>
Right-of-use asset in exchange for new lease liabilities		<u>\$ -</u>
Weighted-average remaining lease term:		<u>46.81</u>
Weighted-average discount rate:		<u>2.25%</u>

All transactions related to the financing lease payables and receivables have been eliminated in consolidation for the years ended September 30, 2023 and 2022.

Interfaith Family Services
Notes to Consolidated Financial Statements

13. Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows as of September 30:

	2023	2022
Cash and cash equivalents	\$ 1,475,078	\$ 2,636,228
Investments	1,031,382	-
Pledges receivable	34,805	99,074
Other receivables	108,683	59,864
Interest receivable	53,927	53,927
Beneficial interest in assets held by others	9,126	8,160
Total financial assets	2,713,001	2,857,253
Less amounts not available for general expenditures within one year:		
Designated by Board	(612,820)	(784,423)
Cash restricted for debt service	(117,175)	(161,192)
Due to residents	(9,126)	(9,350)
	(739,121)	(954,965)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 1,973,880	\$ 1,902,288

The Organization receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

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, the Organization’s board of directors has designated an operating reserve of \$426,492 and \$601,110 as of September 30, 2023 and 2022, respectively. See Note 8.

14. Subsequent Events

The Organization has evaluated subsequent events through March 11, 2024, the date the financial statements were available to be issued and concluded that no additional disclosures are required.

Supplementary Information

Interfaith Family Services
Consolidating Statement of Financial Position
September 30, 2023

	Interfaith Family Services						Consolidated Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services	IFS Empowerment Center	IFS Hope Center	Eliminations	
	Assets						
Current assets:							
Cash and cash equivalents	\$ 1,175,232	\$ 173,529	\$ 1,348,761	\$ -	\$ -	\$ -	\$ 1,348,761
Restricted cash and cash equivalents	9,142	-	9,142	117,175	-	-	126,317
Investments	1,031,382	-	1,031,382	-	-	-	1,031,382
Pledges receivable	34,805	-	34,805	-	-	-	34,805
Other receivables	108,683	-	108,683	-	-	-	108,683
Interest receivable	-	53,927	53,927	-	-	-	53,927
Due (to)/from Interfaith Family Services	840,290	(840,290)	-	(371,465)	-	371,465	-
Due (to)/from IFS Empowerment Center	507,448	(135,983)	371,465	-	48,637	(420,102)	-
Due (to)/from IFS Hope Center	46,123	-	46,123	(48,647)	(46,123)	48,647	-
Financing lease receivable	-	-	-	81,000	3,000	(84,000)	-
Prepaid expenses	77,575	-	77,575	-	-	-	77,575
Total current assets	3,830,680	(748,817)	3,081,863	(221,937)	5,514	(83,990)	2,781,450
Beneficial interest in assets held by others	9,126	-	9,126	-	-	-	9,126
Financing lease receivable, net	-	-	-	10,259,511	151,700	(10,411,211)	-
Note receivable - new market tax credit	-	6,471,200	6,471,200	-	-	-	6,471,200
Property, plant and equipment, net	6,390,075	346,064	6,736,139	459,383	52,974	2,912,411	10,160,907
Total assets	\$ 10,229,881	\$ 6,068,447	\$ 16,298,328	\$ 10,496,957	\$ 210,188	\$ (7,582,790)	\$ 19,422,683
	Liabilities and Net Assets (Deficit)						
Current liabilities:							
Accounts payable	\$ 13,551	\$ 2,437	\$ 15,988	\$ -	\$ 950	\$ -	\$ 16,938
Accrued expenses	110,235	-	110,235	92,499	2,084	-	204,818
Deferred interest revenue, current portion	-	-	-	-	36,579	(36,579)	-
Deferred revenue - residency fees	-	17,787	17,787	-	-	-	17,787
Due to residents	9,142	-	9,142	-	-	-	9,142
Notes payable, current portion	-	45,828	45,828	-	-	-	45,828
Financing lease liability, current portion	84,000	-	84,000	-	1,104	(85,104)	-
Total current liabilities	216,928	66,052	282,980	92,499	40,717	(121,683)	294,513
Deferred interest revenue, net	-	-	-	2,686,679	-	(2,686,679)	-
Notes payable, net	-	596,318	596,318	8,299,152	95,084	-	8,990,554
Financing lease liability, net	7,596,234	-	7,596,234	-	90,615	(7,686,849)	-
Total liabilities	7,813,162	662,370	8,475,532	11,078,330	226,416	(10,495,211)	9,285,067
Net assets (deficit):							
Without donor restrictions:							
Board designated	612,820	-	612,820	-	-	-	612,820
Undesignated	1,780,310	5,406,077	7,186,387	(581,373)	(16,228)	2,912,421	9,501,207
Total net assets (deficit) without donor restrictions	2,393,130	5,406,077	7,799,207	(581,373)	(16,228)	2,912,421	10,114,027
With donor restrictions	23,589	-	23,589	-	-	-	23,589
Total net assets (deficit)	2,416,719	5,406,077	7,822,796	(581,373)	(16,228)	2,912,421	10,137,616
Total liabilities and net assets (deficit)	\$ 10,229,881	\$ 6,068,447	\$ 16,298,328	\$ 10,496,957	\$ 210,188	\$ (7,582,790)	\$ 19,422,683

Interfaith Family Services
Consolidating Statement of Financial Position
September 30, 2022

	Interfaith Family Services			IFS Empowerment Center	IFS Hope Center	Eliminations	Consolidated Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services				
Assets							
Current assets:							
Cash and cash equivalents	\$ 2,297,865	\$ 167,821	\$ 2,465,686	\$ -	\$ -	\$ -	\$ 2,465,686
Restricted cash and cash equivalents	9,350	-	9,350	161,192	-	-	170,542
Pledges receivable	99,074	-	99,074	-	-	-	99,074
Other receivables	59,864	-	59,864	-	-	-	59,864
Interest receivable	-	53,927	53,927	-	-	-	53,927
Due (to)/from Interfaith Family Services	426,676	(426,676)	-	(405,517)	(19,443)	424,960	-
Due (to)/from IFS Empowerment Center	541,500	(135,983)	405,517	-	22,135	(427,652)	-
Due (to)/from IFS Hope Center	19,443	-	19,443	(22,135)	-	2,692	-
Capital lease receivable	-	-	-	81,100	3,000	(84,100)	-
Prepaid expenses	38,479	-	38,479	-	-	-	38,479
Total current assets	3,492,251	(340,911)	3,151,340	(185,360)	5,692	(84,100)	2,887,572
Beneficial interest in assets held by others	8,160	-	8,160	-	-	-	8,160
Capital lease receivable, net	-	-	-	10,332,171	154,700	(10,486,871)	-
Note receivable - new market tax credit	-	6,471,200	6,471,200	-	-	-	6,471,200
Property, plant and equipment, net	6,556,840	338,680	6,895,520	522,469	57,654	2,892,155	10,367,798
Total assets	\$ 10,057,251	\$ 6,468,969	\$ 16,526,220	\$ 10,669,280	\$ 218,046	\$ (7,678,816)	\$ 19,734,730
Liabilities and Net Assets (Deficit)							
Current liabilities:							
Accounts payable	\$ 13,131	\$ 23,756	\$ 36,887	\$ -	\$ -	\$ -	\$ 36,887
Accrued expenses	111,619	-	111,619	91,099	2,084	-	204,802
Deferred interest revenue, current portion	-	-	-	-	39,265	(39,265)	-
Refundable advance	1,252	-	1,252	-	-	-	1,252
Deferred revenue - residency fees	-	20,064	20,064	-	-	-	20,064
Due to residents	9,350	-	9,350	-	-	-	9,350
Notes payable, current portion	-	44,115	44,115	-	-	-	44,115
Capital lease liability, current portion	83,018	-	83,018	-	1,082	(84,100)	-
Total current liabilities	218,370	87,935	306,305	91,099	42,431	(123,365)	316,470
Deferred interest revenue, net	-	-	-	2,857,361	-	(2,857,361)	-
Notes payable, net	-	816,231	816,231	8,264,937	94,918	-	9,176,086
Capital lease liability, net	7,500,546	-	7,500,546	-	89,697	(7,590,243)	-
Total liabilities	7,718,916	904,166	8,623,082	11,213,397	227,046	(10,570,969)	9,492,556
Net assets (deficit):							
Without donor restrictions:							
Board designated	784,423	-	784,423	-	-	-	784,423
Undesignated	1,476,912	5,564,803	7,041,715	(544,117)	(9,000)	2,892,153	9,380,751
Total net assets (deficit) without donor restrictions	2,261,335	5,564,803	7,826,138	(544,117)	(9,000)	2,892,153	10,165,174
With donor restrictions	77,000	-	77,000	-	-	-	77,000
Total net assets (deficit)	2,338,335	5,564,803	7,903,138	(544,117)	(9,000)	2,892,153	10,242,174
Total liabilities and net assets (deficit)	\$ 10,057,251	\$ 6,468,969	\$ 16,526,220	\$ 10,669,280	\$ 218,046	\$ (7,678,816)	\$ 19,734,730

Interfaith Family Services
Consolidating Statement of Activities
Year Ended September 30, 2023

	Interfaith Family Services			IFS Empowerment Center	IFS Hope Center	Eliminations	Consolidated Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services				
Changes in net assets without donor restrictions:							
Revenues and support:							
Contributions and grants	\$ 1,292,424	\$ 12,844	\$ 1,305,268	\$ -	\$ -	\$ -	\$ 1,305,268
Childcare revenue	705,737	-	705,737	-	-	-	705,737
Other program revenue	335,254	-	335,254	-	-	-	335,254
Residency fees	-	25,724	25,724	-	-	-	25,724
Special events (net of direct costs of \$155,197)	214,168	-	214,168	-	-	-	214,168
Interest income	2,175	64,712	66,887	172,164	2,686	(173,366)	68,371
Investment income, net	31,382	-	31,382	-	-	-	31,382
Gain from beneficial interest in assets held by others, net	967	-	967	-	-	-	967
Other	397,132	-	397,132	-	-	-	397,132
Net assets released from restriction	508,352	-	508,352	-	-	-	508,352
Total revenues and support	3,487,591	103,280	3,590,871	172,164	2,686	(173,366)	3,592,355
Operating expenses:							
Program services	2,538,483	254,146	2,792,629	207,326	8,724	(190,219)	2,818,460
Management and general	493,626	5,240	498,866	837	1,091	(2,150)	498,644
Fundraising	323,687	2,620	326,307	1,257	99	(1,265)	326,398
Total operating expenses	3,355,796	262,006	3,617,802	209,420	9,914	(193,634)	3,643,502
Increase (decrease) in net assets without donor restrictions	131,795	(158,726)	(26,931)	(37,256)	(7,228)	20,268	(51,147)
Changes in net assets with donor restrictions:							
Contributions and grants	454,941	-	454,941	-	-	-	454,941
Net assets released from restriction	(508,352)	-	(508,352)	-	-	-	(508,352)
Decrease in net assets with donor restrictions	(53,411)	-	(53,411)	-	-	-	(53,411)
Change in net assets	78,384	(158,726)	(80,342)	(37,256)	(7,228)	20,268	(104,558)
Net assets (deficit) at beginning of year	2,338,335	5,564,803	7,903,138	(544,117)	(9,000)	2,892,153	10,242,174
Net assets (deficit) at end of year	\$ 2,416,719	\$ 5,406,077	\$ 7,822,796	\$ (581,373)	\$ (16,228)	\$ 2,912,421	\$ 10,137,616

Interfaith Family Services
Consolidating Statement of Activities
Year Ended September 30, 2022

	Interfaith Family Services			IFS Empowerment Center	IFS Hope Center	Eliminations	Consolidated Total
	Interfaith POB	Interfaith Non-POB	Total Interfaith Family Services				
Changes in net assets without donor restrictions:							
Revenues and support:							
Contributions and grants	\$ 1,471,271	\$ 277,517	\$ 1,748,788	\$ -	\$ -	\$ -	\$ 1,748,788
Childcare revenue	725,433	-	725,433	-	-	-	725,433
Other program revenue	320,711	-	320,711	-	-	-	320,711
Residency fees	-	3,167	3,167	-	-	-	3,167
Special events (net of direct costs of \$192,543)	227,675	-	227,675	-	-	-	227,675
Interest income	453	64,712	65,165	170,826	2,686	(173,367)	65,310
Loss from beneficial interest in assets held by others, net	(1,840)	-	(1,840)	-	-	-	(1,840)
Other	255,740	-	255,740	-	-	-	255,740
Net assets released from restriction	406,996	-	406,996	-	-	-	406,996
Total revenues and support	3,406,439	345,396	3,751,835	170,826	2,686	(173,367)	3,751,980
Operating expenses:							
Program services	2,318,715	399,412	2,718,127	204,542	7,822	(188,902)	2,741,589
Management and general	580,072	7,935	588,007	253	994	(2,852)	586,402
Fundraising	332,180	418	332,598	1,353	50	(996)	333,005
Total operating expenses	3,230,967	407,765	3,638,732	206,148	8,866	(192,750)	3,660,996
Increase (decrease) in net assets without donor restrictions	175,472	(62,369)	113,103	(35,322)	(6,180)	19,383	90,984
Changes in net assets with donor restrictions:							
Contributions and grants	435,930	-	435,930	-	-	-	435,930
Net assets released from restriction	(406,996)	-	(406,996)	-	-	-	(406,996)
Increase in net assets with donor restrictions	28,934	-	28,934	-	-	-	28,934
Change in net assets	204,406	(62,369)	142,037	(35,322)	(6,180)	19,383	119,918
Net assets (deficit) at beginning of year	2,133,929	5,627,172	7,761,101	(508,795)	(2,820)	2,872,770	10,122,256
Net assets (deficit) at end of year	\$ 2,338,335	\$ 5,564,803	\$ 7,903,138	\$ (544,117)	\$ (9,000)	\$ 2,892,153	\$ 10,242,174