

Interfaith Social Services, Inc.
**Financial Statements
and Independent Auditor's Report**
June 30, 2022

Interfaith Social Services, Inc.

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Independent Auditor's Report

To the Board of Directors of
Interfaith Social Services, Inc.

Opinion

We have audited the financial statements of Interfaith Social Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Interfaith Social Services, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Interfaith Social Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Social Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Interfaith Social Services, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Braintree, Massachusetts
May 5, 2023

Interfaith Social Services, Inc.
Statement of Financial Position
As of June 30, 2022
With Comparative Totals as of June 30, 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	\$ 1,322,530	\$ 1,040,254
Accounts receivable	36,738	14,699
Contributions receivable	5,625	75,625
Inventory	93,416	84,598
Investments, short term	402,083	187,062
Prepaid expenses	42,862	28,509
Total current assets	1,903,254	1,430,747
Fixed assets		
Land	50,000	50,000
Building	515,213	515,213
Building improvements	500,727	473,190
Office furniture, equipment and software	182,144	182,144
Total fixed assets	1,248,084	1,220,547
Less: accumulated depreciation	(501,860)	(449,724)
Total net fixed assets	746,224	770,823
Other assets		
Investments, long term	-	208,977
Total other assets	-	208,977
Total assets	\$ 2,649,478	\$ 2,410,547

Liabilities and Net Assets

	2022	2021
Current liabilities		
Accounts payable	\$ 16,424	\$ 13,714
Accrued expenses	62,550	112,392
Deferred revenue	5,213	5,345
Total current liabilities	84,187	131,451
Total liabilities	84,187	131,451
Net assets		
Net assets without donor restrictions	2,441,666	2,170,702
Net assets with donor restrictions	123,625	108,394
Total net assets	2,565,291	2,279,096
Total liabilities and net assets	\$ 2,649,478	\$ 2,410,547

See Notes to Financial Statements.

Interfaith Social Services, Inc.

**Statement of Activities
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue and support				
Grants, contributions and events, net	\$ 1,368,913	\$ 123,625	\$ 1,492,538	\$ 1,758,086
Donated goods and services	2,183,473	-	2,183,473	1,526,971
Bureau drawer thrift shop	215,745		215,745	139,012
Program service fees	85,174	-	85,174	63,594
Miscellaneous income	14,736	-	14,736	3,995
Net assets released from restrictions	108,394	(108,394)	-	-
Total revenue and support	3,976,435	15,231	3,991,666	3,491,658
Expenses				
Management and general	219,448	-	219,448	193,223
Fundraising	249,704	-	249,704	205,492
Program services	3,236,319	-	3,236,319	2,422,551
Total expenses	3,705,471	-	3,705,471	2,821,266
Change in net assets	270,964	15,231	286,195	670,392
Net assets at beginning of year	2,170,702	108,394	2,279,096	1,608,704
Net assets at end of year	<u>\$ 2,441,666</u>	<u>\$ 123,625</u>	<u>\$ 2,565,291</u>	<u>\$ 2,279,096</u>

See Notes to Financial Statements.

Interfaith Social Services, Inc.

**Statement of Functional Expenses
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021**

	Counseling	Homelessness Prevention	Food Pantry	Bureau Drawer	Total Program Services	Management and General	Fundraising	2022 Total	2021 Total
Donated food	\$ -	\$ -	\$ 1,893,562	\$ -	\$ 1,893,562	\$ -	\$ -	\$ 1,893,562	\$ 1,348,131
Salaries and benefits	254,691	34,870	213,604	73,993	577,158	79,827	115,533	772,518	694,577
Donated goods and services	-	-	202,618	-	202,618	21,941	65,352	289,911	178,840
Assistance	-	103,557	44,974	-	148,531	-	-	148,531	135,517
Purchased food	-	-	141,748	-	141,748	-	-	141,748	65,808
Office expenses	15,339	1,566	18,362	10,358	45,625	32,837	4,429	82,891	106,859
Consultants and professional fees	2,756	20	420	27,426	30,622	32,062	11,440	74,124	73,053
Payroll taxes	24,504	3,435	18,529	6,488	52,956	6,052	9,590	68,598	53,671
Other operating expenses	278	-	35,456	1,675	37,409	14,587	2,061	54,057	22,054
Depreciation	11,470	1,043	2,085	2,607	17,205	21,897	13,034	52,136	49,160
Repairs and maintenance	8,080	1,469	16,923	8,026	34,498	2,736	1,282	38,516	31,518
Postage and printing	519	77	464	378	1,438	1,572	25,399	28,409	24,620
Utilities	5,343	850	9,095	5,420	20,708	1,085	877	22,670	16,482
Advertising	2,089	160	4,659	8,705	15,613	2,960	591	19,164	12,367
Dues, subscriptions and other fees	1,492	3	93	6,414	8,002	1,754	6	9,762	7,599
Bad debt	4,474	-	-	-	4,474	-	-	4,474	1,010
Rentals	2,255	55	1,155	687	4,152	138	110	4,400	-
	<u>\$ 333,290</u>	<u>\$ 147,105</u>	<u>\$ 2,603,747</u>	<u>\$ 152,177</u>	<u>\$ 3,236,319</u>	<u>\$ 219,448</u>	<u>\$ 249,704</u>	<u>\$ 3,705,471</u>	<u>\$ 2,821,266</u>

See Notes to Financial Statements.

Interfaith Social Services, Inc.

**Statement of Cash Flows
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021**

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 286,195	\$ 670,392
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	52,136	49,160
Decrease (increase) in assets		
Accounts receivable	(22,039)	(11,051)
Contributions receivable	70,000	(75,625)
Inventory	(8,818)	(16,914)
Prepaid expenses	(14,353)	(13,083)
Increase (decrease) in liabilities		
Accounts payable	2,710	(15,475)
Accrued expenses	(49,842)	70,313
Deferred revenue	(132)	(21,493)
Net cash provided by operating activities	315,857	636,224
Cash flows from investing activities		
Purchase of fixed assets	(27,537)	(98,795)
Proceeds from the sale of investments	-	26,997
Purchase of investments	(6,044)	(29,142)
Net cash used in investing activities	(33,581)	(100,940)
Net increase in cash and cash equivalents	282,276	535,284
Cash and cash equivalents - beginning	1,040,254	504,970
Cash and cash equivalents - end	\$ 1,322,530	\$ 1,040,254

See Notes to Financial Statements.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2022**

Note 1 - Summary of significant accounting policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies followed by Interfaith Social Services, Inc. (the "Agency") are described below to enhance the usefulness of the financial statements to the reader.

Nature of activities

The Agency is a nonprofit organization dedicated to improving life for South Shore families and individuals in need. The Agency has a unique approach that relies on a team of volunteers, donors and community partners to deliver compassionate, client centered programs focused on hunger, mental health, and emergency assistance.

The Agency provides food and clothing for needy families through the Pantry Shelf and Career Closet programs which are staffed by volunteers. The Agency's New Directions Counseling Center provides counseling services on a generous sliding-fee scale to adults, children, couples, and families. HomeSafe is a homelessness prevention and emergency assistance program. The Bureau Drawer Thrift Shop offers low-cost clothing and household goods to the community.

Basis of presentation

The statement of activities reports all changes in net assets, including changes in net assets with and without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Agency's ongoing efforts. Bureau drawer thrift shop revenue consists of the results of operating the Agency's Bureau Drawer Thrift Shop.

Standards of accounting and reporting

The Agency's net assets (excess of its assets over liabilities) and its revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Agency are presented as follows:

The class of net assets applicable to the Agency is presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that are subject to donor imposed stipulations that may or will be met, either by actions of the Agency and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the same reporting period in which the contributions are recognized.

Interfaith Social Services, Inc.

Notes to Financial Statements June 30, 2022

Cash and cash equivalents

The Agency considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

The Agency maintains its cash balances at various financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Agency has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2022.

Investments

The Agency carries investments in certificates of deposit at fair value. Interest is recorded when earned and reported on the statement of activities within miscellaneous income. Gains and losses are recognized as incurred or based on fair value changes during the period. Investments are exposed to risks such as interest rate, credit, and overall market volatility.

As of June 30, 2022, all investments are in certificates of deposit. Certificates of deposit that are due to mature within one year are included in investments - short term on the statement of financial position. No certificates of deposit are due to mature in more than one year as of June 30, 2022.

Revenue recognition

The Agency earns revenue as follows:

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in contributions without donor restrictions.

Grants - The Agency receives funding from grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the restriction has been met. Grants with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Interfaith Social Services, Inc.

**Notes to Financial Statements
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Special Events - Special event revenue is primarily derived from contributions, ticket sales, and fees charged for admission at the Agency's annual GALA. Special events revenue is recognized when earned and is shown net of immaterial related direct expenses in the accompanying statement of activities.

Donated Goods - Donations of goods are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions when the restriction has been met.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Agency.

Bureau Drawer Thrift Shop - Bureau drawer thrift shop revenue represents sales of clothing and other secondhand items donated to the Agency. In store revenues are reported net of estimated returns and allowances and are recognized when the related goods are delivered.

Program Service Fees - Program service fee revenue is earned and recognized by the Agency when services are provided, and the performance obligation has been met.

Substantially all of the revenue and receivables are related to activities in Massachusetts. During the year ended June 30, 2022, the Agency received approximately 41% of its total donated goods from one nonprofit organization in Massachusetts.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2022, management has determined any allowance would be immaterial.

The Agency does not have a policy to accrue interest on receivables. The Agency has no policies requiring collateral or other security to secure the accounts receivable.

As of June 30, 2022, 78% of the Agency's accounts receivable are due from one organization.

Contributions receivable

Conditional contributions receivable are not recognized in the financial statements until the conditions are substantially met. Unconditional contribution receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2022**

received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, receivables with payments due in future periods are restricted to use after the due date.

Unconditional contributions receivable are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual contributions. As of June 30, 2022, management has determined any allowance would be immaterial. All amounts are receivable in less than one year.

Inventory

The Agency's inventory consists primarily of clothes and other secondhand items that have been donated to the Agency for resale in its thrift store as well as perishable and nonperishable foods and related products. Clothes and other secondhand items inventory is valued based upon how much buyers pay for them, and is estimated as of June 30, 2022 using average month's of sales available as of year-end. Donated food and related products inventory items are valued, based upon weight, at the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology prepared by an international CPA firm dated December 31, 2021 prepared for Feeding America for use by member food banks.

Fixed assets and depreciation

Fixed assets are recorded at cost or, if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Agency computes depreciation using the straight-line method over the following estimated lives:

Building	25-40 years
Building improvements	10-40 years
Office furniture, equipment and software	5-15 years

Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Fundraising expenses

Fundraising relates to the activities of individuals in raising general and specific contributions for the Agency and promoting special events.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency. Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon square footage.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2022**

Use of estimates

In preparing the Agency's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Income taxes

The Agency qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is generally not subject to income tax. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Agency is not a private foundation under Section 509(a)(1).

Management has analyzed the tax positions taken by the Agency and has concluded that, as of June 30, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosures in the financial statements.

Generally, the Agency's information/tax returns remain open for possible federal income tax examination for three years after the filing date. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

Summarized Financial Information for 2021

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of activities and statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2021, from which the summarized information is derived.

Accounting standards adopted

For the year ended June 30, 2022, the Agency adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides guidance on the presentation of contributed nonfinancial assets in the statement of activities and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of the Agency and will not change existing recognition and measurement requirements. The Agency has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2022**

Note 2 - Employee benefits - defined contribution plan

The Agency has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 401(k) of the IRC for the benefit of all employees. Under the retirement plan, employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. The plan is available to all employees. The Agency's policy is to make contributions of 6% of payroll and bonuses for all employees. During the year ended June 30, 2022, the Agency contributed \$45,359 to the plan which is included in salaries and benefits on the statement of functional expenses.

Note 3 - Net assets

Net assets with donor restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2022, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose	
Pantry shelf and career closet program	\$ 63,000
New Directions counseling center program	10,000
Feed the hungry gala sponsor and donation	13,500
HomeSafe program	10,000
	<hr/>
Total	96,500
	<hr/>
Subject to the passage of time	
For periods after June 30, 2022	27,125
	<hr/>
Total net assets with donor restrictions	\$ 123,625
	<hr/> <hr/>

Net assets released from restrictions during the year ended June 30, 2022 were \$108,394, of which \$32,769 was from program restrictions and \$75,625 was from time restrictions.

Net assets without donor restrictions

The Agency's net assets without donor restrictions are comprised of undesignated amounts.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2022**

Note 4 - Liquidity and availability of resources

The following reflects the Agency's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year end	
Cash and cash equivalents	\$ 1,322,530
Investments, short term	402,083
Accounts and contributions receivable	<u>42,363</u>
Total	<u>1,766,976</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors for specific purposes	<u>96,500</u>
Total	<u>96,500</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,670,476</u></u>

The Agency has a goal to maintain financial assets, which consist primarily of cash and investments, on hand to meet 10 months of budgeted general cash operating expenses for the next year. The Agency generally anticipates a balanced budget for the next year and separate fundraising, as necessary, is done for any anticipated significant capital expenditures. In addition, as part of its liquidity management, the Agency invests cash in excess of daily requirements in various certificates of deposit.

Note 5 - Donated goods and services

Donated goods and services for the year ended June 30, 2022 were as follows:

Donated IT services	\$ 19,464
Donated food	1,893,562
Donated goods - toys, gifts, supplies, etc.	<u>270,447</u>
Total	<u><u>\$ 2,183,473</u></u>

Valuation methods for donated goods related to inventory are disclosed in Note 1. Non-inventory donated goods are valued at the fair market value of the asset at the date of donation using comparable resale. Donated services are valued based upon time incurred for services provided.

All donated food was used for programmatic purposes during the year. During the year, other donated goods and services were used entirely for programmatic purposes other than \$21,941 of donated goods and services used for administrative purposes and \$65,352 of donated goods used for fundraising purposes.

The Agency receives additional volunteer services throughout the year that are not recognized as contributions in the financial statements since the Agency has determined that the recognition criteria were not met. The Agency received almost 21,000 volunteer hours throughout the year that

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2022**

are not recorded within these financial statements which the Agency estimates represents almost \$760,000 of donated services, utilizing an estimated hourly rate for volunteer services in Massachusetts as derived from a national nonprofit member organization study.

Note 6 - COVID-19 - risks and uncertainties

In early 2021, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. At this stage, the limited impact to the Agency resulted in a loss of revenues and other adverse effects to the Agency's financial position, results of operations, and cash flows. Further, the Agency's liquidity as of June 30, 2022 is documented at Note 4. The Agency is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Agency's operations continue for an extended period of time the Agency may have to seek alternative measures to finance its operations. The Agency does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

Note 7 - Subsequent events

The Agency has performed an evaluation of subsequent events through May 5, 2023, which is the date the Agency's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in these financial statements.



Independent Member of Nexia International

cohnreznick.com