Interfaith Social Services, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2023

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Interfaith Social Services, Inc.

Index

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, 2023, 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, 2023, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CohnReznick LLP

Braintree, Massachusetts
February 1, 2024

Interfaith Social Services, Inc.

Statement of Financial Position
June 30, 2023
With Comparative Totals at June 30, 2022

Assets

	2023	2022
Current assets		
Cash and cash equivalents	$ 782,936	$ 1,322,530
Accounts receivable	58,581	36,738
Contributions receivable	3,750	5,625
Inventory	115,243	93,416
Investments, short-term	906,791	402,083
Prepaid expenses	28,941	42,862
Total current assets	1,896,242	1,903,254
Fixed assets		
Land	50,000	50,000
Building	515,213	515,213
Building improvements	546,566	500,727
Office furniture, equipment and software	182,144	182,144
Total fixed assets	1,293,923	1,248,084
Less: accumulated depreciation	(543,228)	(501,860)
Total net fixed assets	750,695	746,224
Other assets		
Right-of-use asset	167,967	-
Total other assets	167,967	-
Total assets	$ 2,814,904	$ 2,649,478

Liabilities and Net Assets

	2023	2022
Current liabilities		
Accounts payable	$ 8,894	$ 16,424
Accrued expenses	64,846	62,550
Deferred revenue	276	5,213
Operating lease liability, current	26,336	-
Total current liabilities	100,352	84,187
Long-term liabilities		
Operating lease liability, net of current portion	143,316	-
Total long-term liabilities	143,316	-
Total liabilities	243,668	84,187
Net assets		
Net assets without donor restrictions	2,422,486	2,441,666
Net assets with donor restrictions	148,750	123,625
Total net assets	2,571,236	2,565,291
Total liabilities and net assets	$ 2,814,904	$ 2,649,478

See Notes to Financial Statements.

Interfaith Social Services, Inc.

Statement of Activities
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Revenue and support				
Grants, contributions and events, net	$ 1,281,915	$ 148,750	$ 1,430,665	$ 1,492,538
Donated goods and services	2,449,621	-	2,449,621	2,183,473
Bureau drawer thrift shop	214,317	-	214,317	215,745
Program service fees	114,067	-	114,067	85,174
Miscellaneous income	29,552	-	29,552	14,736
Net assets released from restrictions	123,625	(123,625)	-	-
Total revenue and support	4,213,097	25,125	4,238,222	3,991,666
Expenses				
Management and general	288,994	-	288,994	219,448
Fundraising	259,862	-	259,862	249,704
Program services	3,733,456	-	3,733,456	3,236,319
Total expenses	4,282,312	-	4,282,312	3,705,471
Change in net assets from operations	(69,215)	25,125	(44,090)	286,195
Other revenue				
Employee retention tax credit	50,035	-	50,035	-
Total other revenue	50,035	-	50,035	-
Change in net assets	(19,180)	25,125	5,945	286,195
Net assets, beginning	2,441,666	123,625	2,565,291	2,279,096
Net assets, end	$ 2,422,486	$ 148,750	$ 2,571,236	$ 2,565,291

See Notes to Financial Statements.

Interfaith Social Services, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	Counseling	Homelessness prevention	Food pantry	Bureau drawer	Total program services	Management and general	Fundraising	2023 Total	2022 Total
Donated food	$ -	$ -	$ 2,090,341	$ -	$ 2,090,341	$ -	$ -	$ 2,090,341	$ 1,893,562
Salaries and benefits	294,946	47,443	251,252	84,636	678,277	102,759	139,181	920,217	772,518
Donated goods and services	-	-	262,418	-	262,418	30,964	65,898	359,280	289,911
Assistance	-	156,540	59,195	-	215,735	-	62	215,797	148,531
Purchased food	-	-	203,540	-	203,540	-	-	203,540	141,748
Office expenses	10,274	1,305	19,036	13,048	43,663	37,701	2,398	83,762	82,891
Consultants and professional fees	2,250	-	27,594	-	29,844	47,266	-	77,110	74,124
Payroll taxes	26,176	3,798	19,811	6,010	55,795	6,154	9,460	71,409	68,598
Other operating expenses	3,328	-	13,642	2,647	19,617	27,204	5,725	52,546	54,057
Repairs and maintenance	4,866	890	20,316	13,162	39,234	3,023	1,248	43,505	38,516
Depreciation	9,101	827	1,655	2,068	13,651	17,375	10,342	41,368	52,136
Utilities	5,777	1,345	9,622	8,652	25,396	1,136	859	27,391	22,670
Postage and printing	623	104	1,334	8	2,069	1,982	23,161	27,212	28,409
Rentals	23,810	-	-	-	23,810	-	-	23,810	4,400
Dues, subscriptions and other fees	1,665	3	53	7,925	9,646	6,431	726	16,803	9,762
Advertising	2,210	342	5,419	5,591	13,562	1,374	802	15,738	19,164
Bad debt	6,858	-	-	-	6,858	5,625	-	12,483	4,474
	$ 391,884	$ 212,597	$ 2,985,228	$ 143,747	$ 3,733,456	$ 288,994	$ 259,862	$ 4,282,312	$ 3,705,471

See Notes to Financial Statements.

Interfaith Social Services, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 5,945	$ 286,195
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	41,368	52,136
Operating right-of-use asset amortization	16,239	-
(Increase) decrease in assets		
Accounts receivable	(21,843)	(22,039)
Contributions receivable	1,875	70,000
Inventory	(21,827)	(8,818)
Prepaid expenses	13,921	(14,353)
(Decrease) increase in liabilities		
Accounts payable	(7,530)	2,710
Accrued expenses	2,296	(49,842)
Deferred revenue	(4,937)	(132)
Operating lease liability	(14,554)	-
Net cash provided by operating activities	10,953	315,857
Cash flows from investing activities		
Purchase of fixed assets	(45,839)	(27,537)
Proceeds from the sale of investments	125,776	-
Purchase of investments	(630,484)	(6,044)
Net cash used in investing activities	(550,547)	(33,581)
Net (decrease) increase in cash and cash equivalents	(539,594)	282,276
Cash and cash equivalents, beginning	1,322,530	1,040,254
Cash and cash equivalents, end	$ 782,936	$ 1,322,530

See Notes to Financial Statements.

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. Nonoperating revenue consists of employee retention tax credit revenue, see Note 7.

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 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.

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, 2023.

Investments
The Agency carries investments in United States treasury bills and 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, 2023, all investments are in certificates of deposit and United States treasury bills. Investments that are due to mature within one year are included in investments - short-term on the statement of financial position. No investments are due to mature in more than one year as of June 30, 2023.

Fair value measurements
U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring measurements
In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Agency's assets that are adjusted to fair value on a recurring basis are described below. The Agency currently has no liabilities that are adjusted to fair value on a recurring basis.

The following section describes the valuation methodologies used to measure assets financial assets and liabilities at fair value on a recurring basis.

Investments: Quoted market prices are used to determine the fair value of certificates of deposit and treasury bonds and they are included in Level 1. See Note 6 for more details.

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.

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 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.

The Agency recognized $50,035 in Employee Retention Tax Credit revenue during the year ended June 30, 2023. Revenue was recognized in accordance with ASC Sub-Topic 958-605. See Note 7 for further details.

Substantially all of the revenue and receivables are related to activities in Massachusetts. During the year ended June 30, 2023, the Agency received approximately 32% 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, 2023, 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, 2023, 80% 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 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, 2023, 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, 2023 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, 2022 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	6-40 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.

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, 2023, 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 2020 remain open.

Summarized financial information for 2022
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, 2022, from which the summarized information is derived.

New accounting pronouncement
The Agency adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on July 1, 2022 ("Adoption Date"). Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for most leases. The Agency elected and applied the following practical expedients on the Adoption Date:

- The election to use an appropriate risk-free discount rate to measure the operating the lease liability for the property lease.

The Agency includes its right-of-use asset for operating lease within other assets and the corresponding lease liability within current and long-term liabilities in the accompanying statement of financial position. See Note 8 regarding the Agency's lease liabilities.

Finally, the Agency has elected and applied the practical expedient to combine nonlease components with their related lease component and accounts for them as a single combined lease.

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, 2023, the Agency contributed $52,371 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, 2023, 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	$	65,000
New Directions Counseling Center program		10,000
Feed the hungry gala sponsor and donation		48,750
HomeSafe program		10,000
Total		133,750
Subject to the passage of time		
For periods after June 30, 2023		15,000
Total net assets with donor restrictions	$	148,750

Net assets released from restrictions during the year ended June 30, 2023 were $123,625, of which $96,500 was from program restrictions and $27,125 was from time restrictions.

Net assets without donor restrictions

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

Note 4 - Liquidity and availability of resources

The following reflects the Agency's financial assets as of June 30, 2023, 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	$	782,936
Investments, short-term		906,791
Accounts and contributions receivable		62,331
Total		1,752,058
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for specific purposes		133,750
Total		133,750
Financial assets available to meet cash needs for general expenditures within one year	$	1,618,308

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, 2023 were as follows:

Donated IT services	$ 30,964
Donated food	2,090,341
Donated goods - toys, gifts, supplies, etc.	328,316
Total	$ 2,449,621

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

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 $30,964 and $65,898 of donated goods and services used for administrative and fundraising purposes, respectively.

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 22,230 volunteer hours throughout the year that are not recorded within these financial statements which the Agency estimates represents almost $893,000 of donated services, utilizing an estimated hourly rate for volunteer services in Massachusetts as derived from a national nonprofit member organization study.

Note 6 - Investments

Investments are valued at fair value using Level 1 inputs, unadjusted quoted prices in active markets, and are comprised of the following as of June 30, 2023:

Domestic	
Fixed income - treasury bill	$ 102,067
Certificates of deposit	804,724
Total	$ 906,791

Fixed income consists of one United States treasury bill with a maturity date of December 31, 2023.

Note 7 - Employee Retention Tax Credit

The Agency qualified for the Employee Retention Tax Credit ("ERTC"), a refundable tax credit against certain employment taxes equal to 50% or 70% of the qualified wages an eligible employer pays during a specified period. As described in Note 1, the Agency is accounting for the ERTC in accordance with ASC Sub-Topic 958-605. The Agency believes that all conditions of the contribution have been met as of June 30, 2023 and has recorded the revenue in the amount of $50,035 which is included in other revenue on the accompanying statement of activities.

Note 8 - Operating lease commitments

Lessee

The Agency leases an office space for use in its operations. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they contain a lease.

At lease commencement, the Agency recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. The Agency has elected and applies the practical expedient to combine nonlease components with their related lease components and account for them as a single combined lease component for all its leases. The Agency remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Agency determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Agency estimates the risk-free rate as the discount rate. The Agency's risk-free rate, which is determined at either lease commencement or when a lease liability is remeasured, is the rate on U.S. government securities over a period commensurate with the lease term.

For accounting purposes, the Agency leases commence on the earlier of (i) the date upon which the Agency obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Agency's leases coincides with the contractual effective date. The Agency's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Agency and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Agency determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The lease term expires in November 2028 and is accounted for as an operating lease. For the year ended June 30, 2023, rent expense totaled $23,810.

Lease payments
For the year ended June 30, 2023, cash paid for amounts included in the measurement of the operating lease liabilities totaled $18,375. For the year ended June 30, 2023, right of use assets of $184,206 were obtained in exchange for lease liabilities of the same amount. The Agency's operating lease has monthly payments approximating $2,625 for the year ended June 30, 2023.

Lease liability
The operating lease liability at June 30, 2023 was $169,652, and is calculated as the present value of remaining lease payments discounted using the Agency's risk-free discount rate of 3.68%. Future remaining scheduled lease payments during the lease term are shown in the table below, and are presented on an undiscounted basis along with a reconciliation to the Agency's operating lease liability as of June 30, 2023. The operating lease terms remaining as of June 30, 2023 was 65 months for a weighted average of 5.4 years:

Year	Operating lease payment
2024	$ 32,143
2025	33,268
2025	34,433
2027	35,638
2028	36,885
Thereafter	15,588
	187,955
Less: interest on lease liability	(18,303)
Total lease liability	$ 169,652

Note 9 - Subsequent events

The Agency has performed an evaluation of subsequent events through February 1, 2024, which is the date the Agency's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in these financial statements.

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