

Interfaith Social Services, Inc.
**Financial Statements
and Independent Auditor's Report**
June 30, 2025

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, 2025, 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, 2025, 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.

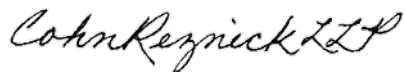
In performing an audit in accordance with GAAS, we:

- 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, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Braintree, Massachusetts
January 6, 2026

Interfaith Social Services, Inc.
Statement of Financial Position
June 30, 2025
With Comparative Totals at June 30, 2024

	<u>Assets</u>	
	2025	2024
Current assets		
Cash and cash equivalents	\$ 697,271	\$ 1,141,539
Accounts receivable	2,080	4,429
Contributions receivable	-	2,500
Inventory	119,682	112,664
Investments, short-term	956,965	649,446
Prepaid expenses	38,079	30,971
Total current assets	1,814,077	1,941,549
Fixed assets		
Land	50,000	50,000
Building	515,213	515,213
Building improvements	720,648	720,648
Office furniture, equipment and software	154,244	130,301
Total fixed assets	1,440,105	1,416,162
Less: accumulated depreciation	(608,212)	(545,665)
Total net fixed assets	831,893	870,497
Other assets		
Right-of-use asset	111,212	142,211
Investments, long-term	129,186	-
Total other assets	240,398	142,211
Total assets	\$ 2,886,368	\$ 2,954,257
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 18,009	\$ 8,684
Accrued expenses	81,389	74,686
Miscellaneous current liabilities	3,046	3,821
Operating lease liability, current	30,715	28,466
Total current liabilities	133,159	115,657
Long-term liabilities		
Operating lease liability, net of current portion	84,134	114,849
Total long-term liabilities	84,134	114,849
Total liabilities	217,293	230,506
Net assets		
Net assets without donor restrictions	2,564,792	2,569,251
Net assets with donor restrictions	104,283	154,500
Total net assets	2,669,075	2,723,751
Total liabilities and net assets	\$ 2,886,368	\$ 2,954,257

See Notes to Financial Statements.

Interfaith Social Services, Inc.

**Statement of Activities
For the Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024**

	Without donor restrictions	With donor restrictions	2025 Total	2024 Total
Revenue and support				
Grants, contributions and events, net	\$ 1,850,859	\$ 106,883	\$ 1,957,742	\$ 1,673,096
Donated goods and services	2,485,207	-	2,485,207	2,620,205
Bureau drawer thrift shop	202,781	-	202,781	190,201
Program service fees	120,151	-	120,151	116,557
Miscellaneous income	74,346	-	74,346	65,279
Net assets released from restrictions	157,100	(157,100)	-	-
Total revenue and support	4,890,444	(50,217)	4,840,227	4,665,338
Expenses				
Management and general	262,345	-	262,345	234,250
Fundraising	290,657	-	290,657	264,211
Program services	4,341,901	-	4,341,901	4,014,362
Total expenses	4,894,903	-	4,894,903	4,512,823
Change in net assets	(4,459)	(50,217)	(54,676)	152,515
Net assets, beginning	2,569,251	154,500	2,723,751	2,571,236
Net assets, end	\$ 2,564,792	\$ 104,283	\$ 2,669,075	\$ 2,723,751

See Notes to Financial Statements.

Interfaith Social Services, Inc.

**Statement of Functional Expenses
For the Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024**

	Counseling	Homelessness prevention	Food pantry	Bureau drawer	Total program services	Management and general	Fundraising	2025 Total	2024 Total
Donated food	\$ -	\$ -	\$ 1,881,531	\$ -	\$ 1,881,531	\$ -	\$ -	\$ 1,881,531	\$ 1,994,659
Salaries and benefits	312,147	59,440	281,900	110,327	763,814	113,073	171,753	1,048,640	948,325
Donated goods and services	-	-	522,012	-	522,012	19,464	62,200	603,676	490,546
Assistance	-	188,961	79,544	-	268,505	-	-	268,505	219,687
Purchased food	-	-	509,471	-	509,471	-	-	509,471	350,304
Office expenses	9,798	1,847	25,202	13,434	50,281	42,293	8,099	100,673	84,967
Consultants and professional fees	2,475	-	42,971	-	45,446	38,141	-	83,587	72,652
Payroll taxes	26,510	4,534	20,930	8,174	60,148	6,607	11,952	78,707	76,707
Other operating expenses	10,718	-	32,515	4,486	47,719	29,870	20,836	98,425	69,394
Repairs and maintenance	6,751	1,688	30,198	17,327	55,964	3,381	2,250	61,595	49,905
Depreciation	7,506	1,876	28,772	18,138	56,292	3,753	2,502	62,547	55,280
Utilities	2,165	541	8,298	5,231	16,235	1,083	722	18,040	19,333
Postage and printing	502	17	1,832	135	2,486	2,731	8,171	13,388	13,260
Rentals	34,388	-	-	-	34,388	-	-	34,388	34,388
Dues, subscriptions and other fees	569	-	-	7,768	8,337	1,068	1,111	10,516	11,151
Advertising	3,324	445	6,140	7,904	17,813	881	1,061	19,755	19,282
Bad debt	1,459	-	-	-	1,459	-	-	1,459	2,983
	<u>\$ 418,312</u>	<u>\$ 259,349</u>	<u>\$ 3,471,316</u>	<u>\$ 192,924</u>	<u>\$ 4,341,901</u>	<u>\$ 262,345</u>	<u>\$ 290,657</u>	<u>\$ 4,894,903</u>	<u>\$ 4,512,823</u>

See Notes to Financial Statements.

Interfaith Social Services, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ (54,676)	\$ 152,515
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	62,547	55,280
In kind donation of fixed assets	-	(135,000)
Operating right-of-use asset amortization	30,999	25,756
(Increase) decrease in assets		
Accounts receivable	2,349	54,152
Contributions receivable	2,500	1,250
Inventory	(7,018)	2,579
Prepaid expenses	(7,108)	(2,030)
(Decrease) increase in liabilities		
Accounts payable	9,325	(210)
Accrued expenses	6,703	9,840
Miscellaneous current liabilities	(775)	3,545
Operating lease liability	(28,466)	(26,337)
Net cash provided by operating activities	<u>16,380</u>	<u>141,340</u>
Cash flows from investing activities		
Purchase of fixed assets	(23,943)	(40,082)
Proceeds from the sale of investments	52,499	482,051
Purchase of investments	(489,204)	(224,706)
Net cash (used in) provided by investing activities	<u>(460,648)</u>	<u>217,263</u>
Net (decrease) increase in cash and cash equivalents	(444,268)	358,603
Cash and cash equivalents, beginning	<u>1,141,539</u>	<u>782,936</u>
Cash and cash equivalents, end	<u><u>\$ 697,271</u></u>	<u><u>\$ 1,141,539</u></u>
Supplemental disclosure of noncash investing and financing activities		
Disposal of fully depreciated fixed assets	<u><u>\$ -</u></u>	<u><u>\$ 52,843</u></u>
In kind donation of fixed assets	<u><u>\$ -</u></u>	<u><u>\$ 135,000</u></u>

See Notes to Financial Statements.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2025**

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 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, 2025

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 ("FDIC"). 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. As of June 30, 2025, the Agency had approximately \$57,175 in excess of FDIC insurance limits. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2025.

Investments

The Agency carries investments in certificates of deposit and mutual funds 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.

The Agency carries investments in certificates of deposit with readily determinable values at their fair values on the statement of financial position. Investments that are due to mature within one year are included in investments - short-term on the statement of financial position. Investments that are due to mature in more than one year are included in other assets as of June 30, 2025.

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.

Interfaith Social Services, Inc.

Notes to Financial Statements June 30, 2025

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 mutual funds 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.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2025**

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. Donated items are recognized at fair value and priced accordingly. Costs of goods sold approximates the sales price of items sold.

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, 2025, the Agency received approximately 32% of its total donated goods from one nonprofit organization in Massachusetts.

Accounts receivable

The Agency carries its accounts receivable at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. On a periodic basis, an evaluation of its accounts receivable is done and an allowance for doubtful accounts is established. The Agency's allowance for doubtful accounts represents its estimate of expected credit losses related to its trade receivables. To estimate its allowance for doubtful accounts, the Agency leverages information on historical losses, current conditions, and reasonable and supportable forecasts of future conditions. As of June 30, 2025, 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.

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, 2025, there was no contributions receivable.

Interfaith Social Services, Inc.

Notes to Financial Statements June 30, 2025

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, 2025 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, 2024 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 useful 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.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2025**

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, 2025, 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, fiscal years since 2022 remain open.

Summarized financial information for 2024

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, 2024, from which the summarized information is derived.

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, 2025, the Agency contributed \$57,021 to the plan which is included in salaries and benefits on the statement of functional expenses.

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2025**

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, 2025, 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	\$ 5,000
Feed the hungry gala sponsor and donation	18,383
HomeSafe program	<u>25,400</u>
Total	48,783
Subject to the passage of time	
For periods after June 30, 2025	<u>55,500</u>
Total net assets with donor restrictions	<u>\$ 104,283</u>

Net assets released from restrictions during the year ended June 30, 2025 were \$157,100, of which \$86,600 was from program restrictions and \$70,500 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, 2025, 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	\$ 697,271
Investments	1,086,151
Accounts and contributions receivable	<u>2,080</u>
Total	<u>1,785,502</u>
Less amounts unavailable for general expenditures within one year, due to	
Restricted by donors for specific purposes	<u>48,783</u>
Total	<u>48,783</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,736,719</u>

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2025**

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, 2025 were as follows:

Donated IT services	\$ 19,464
Donated food	1,881,531
Donated goods - toys, gifts, supplies, etc.	<u>584,212</u>
Total	<u><u>\$ 2,485,207</u></u>

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 \$19,464 and \$62,200 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 26,987 volunteer hours throughout the year that are not recorded within these financial statements which the Agency estimates represents \$1,133,454 of donated services, utilizing an estimated hourly rate for volunteer services in Massachusetts as derived from a national nonprofit member organization study (unaudited).

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, 2025:

Domestic	
Mutual funds	\$ 112,206
Certificates of deposit	<u>973,945</u>
Total	<u><u>\$ 1,086,151</u></u>

Interfaith Social Services, Inc.

**Notes to Financial Statements
June 30, 2025**

Note 7 - Operating lease commitments

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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, 2025, rent expense totaled \$34,388.

Lease payments

For the year ended June 30, 2025, cash paid for amounts included in the measurement of the operating lease liabilities totaled \$33,268. The Agency's operating lease has monthly payments approximating \$2,812 for the year ended June 30, 2025.

Interfaith Social Services, Inc.

Notes to Financial Statements
June 30, 2025

Lease liability

The operating lease liability at June 30, 2025 was \$114,849, 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, 2025. The operating lease terms remaining as of June 30, 2025 was 41 months for a weighted average of 3.4 years:

<u>Years ending</u>	<u>Operating lease payment</u>
2026	\$ 34,433
2027	35,638
2028	36,885
2029	15,588
Thereafter	<u>-</u>
	122,544
Less interest on lease liability	<u>(7,695)</u>
Total lease liability	<u><u>\$ 114,849</u></u>

Note 8 - Related parties

During the year ended June 30, 2025, a member of the Board of Director's was an employee at a company hired to conduct a training, which included their involvement. Total amounts paid to the company were \$2,000 for the year ended June 30, 2025.

Note 9 - Subsequent events

The Agency has performed an evaluation of subsequent events through January 6, 2026, which is the date the Agency's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2025 that required recognition or disclosure in these financial statements.



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