

WICHITA FALLS FAITH MISSION, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020



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CONTENTS

Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-16
Supplemental Schedules:	
Schedules of Activities by Cost Center	17-20
Schedules of Functional Expenses by Cost Center	21-22



Board of Directors
Wichita Falls Faith Mission, Inc.
Wichita Falls, Texas

We have audited the accompanying financial statements of Wichita Falls Faith Mission, Inc. (the Mission), a nonprofit corporation, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wichita Falls Faith Mission, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MWH Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
October 27, 2021

WICHITA FALLS FAITH MISSION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,726,691	\$ 1,335,008
Accounts receivable	2,610	28,848
Current portion of long-term notes receivable	3,356	2,854
Inventory	24,727	24,727
Land held for sale	-	17,200
Prepaid expenses and other	29,897	25,051
Total current assets	<u>1,787,281</u>	<u>1,433,688</u>
Property and equipment, net	<u>4,256,798</u>	<u>4,181,229</u>
Total assets	<u><u>\$ 6,044,079</u></u>	<u><u>\$ 5,614,917</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 49,865	\$ 27,513
Current portion of capital lease	1,757	1,658
Other accrued liabilities	71,702	55,356
Refundable grant	10,000	10,000
Total current liabilities	<u>133,324</u>	<u>94,527</u>
Noncurrent liabilities:		
Capital lease, less current portion	<u>5,850</u>	<u>-</u>
Total noncurrent liabilities	<u>5,850</u>	<u>-</u>
Total liabilities	<u>139,174</u>	<u>94,527</u>
Net assets:		
Without donor restrictions	5,751,459	5,445,222
With donor restrictions	153,446	75,168
Total net assets	<u>5,904,905</u>	<u>5,520,390</u>
Total liabilities and net assets	<u><u>\$ 6,044,079</u></u>	<u><u>\$ 5,614,917</u></u>

The accompanying notes are an integral part of these financial statements.

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 2,602,600	\$ 110,150	\$ 2,712,750
Special events	70,084	-	70,084
Interest income	7,888	-	7,888
Oil and gas royalties	241	-	241
Rent from transitional housing	18,338	-	18,338
Miscellaneous revenue	1,557	-	1,557
Sales	944,601	-	944,601
Less: cost of sales	(755,138)	-	(755,138)
Net assets released from restrictions	31,872	(31,872)	-
Total revenues and support	2,922,043	78,278	3,000,321
Expenses:			
Program services	2,263,517	-	2,263,517
Administrative	150,140	-	150,140
Fundraising	181,509	-	181,509
Total expenses before losses	2,595,166	-	2,595,166
Loss on the disposal of assets	3,440	-	3,440
Loss on land held for sale	17,200	-	17,200
Total losses	20,640	-	20,640
Total expenses	2,615,806	-	2,615,806
Change in net assets	306,237	78,278	384,515
Net assets at beginning of year	5,445,222	75,168	5,520,390
Net assets at end of year	\$ 5,751,459	\$ 153,446	\$ 5,904,905

The accompanying notes are an integral part of these financial statements.

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 2,306,771	\$ 36,965	\$ 2,343,736
Special events	183,255	-	183,255
Conditional grant	231,400	-	231,400
Interest income	12,582	-	12,582
Oil and gas royalties	151	-	151
Rent from transitional housing	24,936	-	24,936
Miscellaneous revenue	39,185	-	39,185
Sales	802,701	-	802,701
Less: cost of sales	(598,523)	-	(598,523)
Net assets released from restrictions	33,739	(33,739)	-
	<u>3,036,197</u>	<u>3,226</u>	<u>3,039,423</u>
Total revenues and support			
	<u>3,036,197</u>	<u>3,226</u>	<u>3,039,423</u>
Expenses:			
Program services	2,205,637	-	2,205,637
Administrative	146,320	-	146,320
Fundraising	269,082	-	269,082
	<u>2,621,039</u>	<u>-</u>	<u>2,621,039</u>
Total expenses before losses			
	<u>2,621,039</u>	<u>-</u>	<u>2,621,039</u>
Loss on the disposal of assets	37,062	-	37,062
	<u>37,062</u>	<u>-</u>	<u>37,062</u>
Total expenses			
	<u>2,658,101</u>	<u>-</u>	<u>2,658,101</u>
Change in net assets	378,096	3,226	381,322
Net assets at beginning of year, as reported	5,067,126	71,942	5,139,068
	<u>5,067,126</u>	<u>71,942</u>	<u>5,139,068</u>
Net assets at end of year	\$ 5,445,222	\$ 75,168	\$ 5,520,390
	<u>\$ 5,445,222</u>	<u>\$ 75,168</u>	<u>\$ 5,520,390</u>

The accompanying notes are an integral part of these financial statements.

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Administrative	Fundraising	Total
Salaries	\$ 1,034,740	\$ 71,782	\$ 41,720	\$ 1,148,242
Employee benefits	78,354	13,802	2,598	94,754
Payroll taxes	79,875	5,799	4,361	90,035
Total payroll and related expenses	1,192,969	91,383	48,679	1,333,031
Auto and truck	43,210	-	-	43,210
Christmas gift	626	-	40	666
Contract labor	5,420	-	-	5,420
Food	261,132	-	-	261,132
Insurance	66,299	3,387	967	70,653
Kitchen supplies	14,602	-	-	14,602
Membership dues and fees	5,067	179	-	5,246
Office and miscellaneous	68,731	4,199	16,879	89,809
Postage and printing	1,689	170	2,365	4,224
Professional fees	-	13,995	-	13,995
Program gift	47,360	-	-	47,360
Promotional	9,992	-	96,696	106,688
Repair and maintenance	138,804	11,263	2,814	152,881
Specific assistance	4,044	-	-	4,044
Special events	-	-	6,041	6,041
Supplies	21,454	-	-	21,454
Training and travel	502	353	725	1,580
Utilities	167,912	8,911	2,228	179,051
Total expenses before depreciation	2,049,813	133,840	177,434	2,361,087
Depreciation	213,704	16,300	4,075	234,079
Totals	<u>\$ 2,263,517</u>	<u>\$ 150,140</u>	<u>\$ 181,509</u>	<u>\$ 2,595,166</u>

The accompanying notes are an integral part of these financial statements.

WICHITA FALLS FAITH MISSION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Administrative	Fundraising	Total
Salaries	\$ 1,011,486	\$ 72,162	\$ 45,709	\$ 1,129,357
Employee benefits	74,853	10,352	1,204	86,409
Payroll taxes	86,687	5,753	4,796	97,236
Total payroll and related expenses	1,173,026	88,267	51,709	1,313,002
Auto and truck	43,729	-	-	43,729
Christmas gift	1,775	-	-	1,775
Contract labor	1,719	-	-	1,719
Food	242,962	-	-	242,962
Insurance	69,885	3,755	1,183	74,823
Kitchen supplies	13,656	-	-	13,656
Membership dues and fees	4,536	-	390	4,926
Office and miscellaneous	73,200	4,227	13,719	91,146
Postage and printing	700	165	3,569	4,434
Professional fees	240	13,000	-	13,240
Program gift	43,351	-	-	43,351
Promotional	163	-	118,347	118,510
Repair and maintenance	146,913	11,818	2,954	161,685
Specific assistance	7,363	-	-	7,363
Special events	-	-	62,982	62,982
Special projects	1,373	-	-	1,373
Supplies	13,979	-	-	13,979
Training and travel	5,882	317	2,120	8,319
Capital campaign	-	-	5,916	5,916
Utilities	153,008	8,427	2,107	163,542
Total expenses before depreciation	1,997,460	129,976	1,997,460	2,392,432
Depreciation	208,177	16,344	4,086	228,607
Totals	<u>\$ 2,205,637</u>	<u>\$ 146,320</u>	<u>\$ 2,001,546</u>	<u>\$ 2,621,039</u>

The accompanying notes are an integral part of these financial statements.

WICHITA FALLS FAITH MISSION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 384,515	\$ 381,322
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	234,079	228,607
Other donated assets	-	(89,557)
Gain on disposition of deferred compensation liability	-	(31,305)
Loss on disposal of assets	3,440	37,062
Loss on land held for sale	17,200	-
(Increase) decrease in assets:		
Receivables	26,238	(18,936)
Prepaid expenses	(4,846)	155
Increase (decrease) in liabilities:		
Accounts payable	22,352	4,905
Deferred compensation agreement	-	(17,210)
Other accrued liabilities	16,346	7,289
Net cash provided by operating activities	<u>699,324</u>	<u>502,332</u>
Cash flows from investing activities:		
Purchase of property and equipment	(305,069)	(226,358)
Payments on capital lease	(2,070)	(2,007)
Proceeds from sale of investments	-	450
Collections on (additions to) note receivable	(502)	31,877
Net cash used by investing activities	<u>(307,641)</u>	<u>(196,038)</u>
Cash flows from financing activities:		
Proceeds from loans	-	10,000
Net cash provided by investing activities	<u>-</u>	<u>10,000</u>
Net increase in cash and cash equivalents	391,683	316,294
Cash and cash equivalents at beginning of year	<u>1,335,008</u>	<u>1,018,714</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,726,691</u></u>	<u><u>\$ 1,335,008</u></u>

The accompanying notes are an integral part of these financial statements.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Wichita Falls Faith Mission, Inc. (the Mission) is an independent nonprofit corporation whose operating facility and administrative offices are located at 1300 Travis Street, Wichita Falls, Texas. The Mission provides food, clothing, lodging, and shares the "Good News of the Gospel of Jesus Christ" with needy, transient, and indigent individuals and families in the Wichita Falls area. The Wichita Falls Faith Mission receives no government funding and relies on private donations of money, food, clothing, household items, etc. from the public.

Through its two shelters, Faith Mission for men and families and Faith Refuge for women and children, Wichita Falls Faith Mission, Inc. provides Christ-centered programs and services that lead the homeless toward self-sufficiency. Both shelters are open 24 hours per day, 7 days per week and all their programs and services are free of charge. They provide emergency shelter services, case management services, addiction recovery programs, job readiness programs and transitional supportive housing.

Wichita Falls Faith Mission has two social enterprises programs, Faith Resale & Donation Center (thrift store) and Faith Enterprises (lawn maintenance and tree trimming company). Both programs are used to train men and women in the skills that are necessary in order to be employed after they leave Wichita Falls Faith Mission.

Basis of Presentation

The financial statements of the Mission have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Mission to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Mission's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Mission or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2021 AND 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Cash and Cash Equivalents

For financial reporting purposes, the Mission considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Inventory

Inventory consists of donated apparel and other items and is recorded as contributions and as inventory in the period received at fair market value or net realizable value.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets, as follows:

Buildings and improvements	10 to 30 years
Vehicles, furniture, and fixtures	3 to 10 years

Donated Land, Equipment, Materials, and Services

Contributions of services and materials are recognized in the accompanying financial statements in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. If the services received enhance or create non-financial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

Income Taxes

The Mission is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986 and therefore, has no provision for federal income tax.

Functional Classification of Expenses

Directly identifiable expenses are charged to program services, administrative, and fundraising functions. Expenses related to more than one function are charged to each function on the basis of periodic time and expense studies. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Mission. A description of the Mission's functions is provided below:

- Program Services

The Mission provides food, clothing, lodging, financial assistance, addiction counseling, and shares the "Good News of the Gospel of Jesus Christ" with needy, transient, and indigent individuals and families in the Wichita Falls area. Management believes that approximately 90% of pertinent non-direct expenses are related to this function.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2021 AND 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

- Administrative

The Administration program provides occupancy and administrative services to the Mission. Management believes that approximately 8% of pertinent non-direct expenses are related to this function.

- Fundraising

The Mission engages in a number of fundraising activities, including rallies with praise and worship, food drives, mail solicitations, Night in a Box, Decorator Show House, and Faith in the Falls. Contributions to the Mission are received from the general public. Management believes that approximately 2% of pertinent non-direct expenses are related to this function.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions. 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accrued Compensated Absences

The Mission's policy for compensated absences for vacation and sick leave allows for accumulated hours earned monthly based on years of service. An employee may accumulate up to 96 hours of vacation each year and is to be paid for unused vacation time upon separation from service. The total dollar amount of unpaid vacation, which is accrued and included in other accrued liabilities, was \$26,993 and \$22,221 as of June 30, 2021 and 2020, respectively.

An employee may earn up to 64 hours of sick time in a year, but any unused sick time cannot be carried over to future periods. Sick leave benefits are forfeited at the date of employee termination. No liability has been recorded on the books of the Mission relative to sick leave benefits. It is considered remote that the entire contingent liability will be paid; furthermore, the probable amount of sick leave compensation expected to be paid in the future cannot be reasonably estimated.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D) JUNE 30, 2020 AND 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Advertising

The Mission uses advertising to solicit donations and promote special events. The costs of advertising are expensed as incurred. During the years ended June 30, 2021 and 2020, advertising costs totaled \$106,688 and \$118,510, respectively.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Donated Goods

The majority of the food distributed by the Mission is received by contributions from the general public, and local businesses. The estimated value of these contributions, which is determined to be \$1.67 per pound for 2021 and 2020, is recognized in the financial statements as contribution revenue and program expense. The Mission received \$188,426 and \$148,475 in donated food for the years ended June 30, 2021 and 2020, respectively. The Refuge received \$61,341 and \$83,722 in donated food for the years ended June 30, 2021 and 2020.

Purchased food is expensed at cost. Unlike donated food, there is no revenue associated with the purchased food. However, a majority of the food purchases are funded by cash contributions that are restricted for a particular distribution program.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. The guidance in this update will be effective for the Mission's 2022 fiscal year. Management has not yet evaluated the impact of this update on the consolidated financial statements.

Date of Management's Evaluation

Management has evaluated subsequent events through October 27, 2021, the date on which the financial statements were available to be issued.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) **JUNE 30, 2021 AND 2020**

Note 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,726,691	\$ 1,335,008
Accounts receivable	2,610	28,848
Current portion of long-term notes receivable	<u>3,356</u>	<u>2,854</u>
	<u>\$ 1,732,657</u>	<u>\$ 1,366,710</u>

As part of the liquidity management plan, they invest cash in excess of daily requirements in short-term investments and money market funds.

Note 3 - FINANCIAL INSTRUMENTS

Concentration of Credit Risk for Cash Held in Banks

The Mission maintains bank accounts with several institutions. The accounts held at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 and 2020, the Mission's cash accounts exceeded the FDIC insurance threshold by \$483,523 and \$131,637.

Fair Value

Management has determined the carrying amounts of the Mission's cash and cash equivalents, accounts receivable, accounts payable, inventory, and other accrued liabilities approximate their fair value.

Note 4 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Major classifications of property and equipment at June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Property and equipment not being depreciated:		
Land	\$ <u>263,282</u>	\$ <u>261,285</u>
Property and equipment being depreciated:		
Building and improvements	6,250,834	6,004,460
Furniture and fixtures	725,703	689,915
Vehicles and equipment	<u>143,351</u>	<u>122,450</u>
Total property and equipment being depreciated	7,119,888	6,816,825
Less accumulated depreciation	<u>(3,126,372)</u>	<u>(2,896,881)</u>
Total property and equipment being depreciated, net	<u>3,993,516</u>	<u>3,919,944</u>
Total property and equipment, net	<u>\$ 4,256,798</u>	<u>\$ 4,181,229</u>

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2021 AND 2020

Note 4 - PROPERTY AND EQUIPMENT (CONT'D.)

Depreciation expense was \$234,079 and \$228,607 for 2021 and 2020, respectively.

Note 5 - CAPITAL LEASE

The Mission entered into a capital lease on April 14, 2017, for a Kubota commercial mower. The lease required monthly payments of \$167 and expired in April 2021. On March 25, 2021, the Mission entered into another capital lease for a Kubota commercial mower. The lease requires monthly payments of \$133 and expires in March 2026.

These commitments provide for minimum future lease payments as of June 30, 2021 as follows:

<u>Year ending June 30,</u>	
2022	\$ 1,757
2023	1,604
2024	1,604
2025	1,604
2026	<u>1,038</u>
Total future minimum lease payments	7,607
Less: amount representing interest	<u>(-)</u>
Total future minimum lease payments	<u>\$ 7,607</u>

The carrying value of the equipment purchased under capital lease is \$9,152 at June 30, 2021.

Note 6 - DEFERRED COMPENSATION AGREEMENT

Effective August 20, 2001, a deferred compensation plan for the former Executive Director and former Marketing Director was adopted by action of the Board of Directors. The plan required that on the first day of the month immediately following the retirement or death of the former Executive Director, and on the first day of each month thereafter during the joint lifetimes of the former Executive Director and the former Marketing Director, the Mission will pay the former Executive Director and the former Marketing Director, or the survivor of them, the total sum of \$2,000 per month. This Deferred Compensation Agreement was entered into for and in consideration of the years of service given to the Mission. Effective January 1, 2007 the former Executive Director retired.

Total payments under this arrangement for fiscal year 2020 was \$20,000. In May 2020, the remaining survivor passed away. As a result, no future payments are expected under this agreement. The remaining liability at the time of death of \$31,305 was recognized as miscellaneous income in 2020. No such agreements have been extended to any other employees of the Mission, nor does the Mission intend to enter into such agreements in the future.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2021 AND 2020

Note 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specific purpose:		
Medical and dental care – for clients	\$ 34,315	\$ 60,802
Transitional Support	110,981	9,966
Client supplies and gifts	4,850	-
Capital projects	<u>3,300</u>	<u>4,400</u>
Total	<u>\$ 153,446</u>	<u>\$ 75,168</u>

Note 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the years June 30, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Medical and dental care – for clients	\$ 26,487	\$ 17,305
Transitional Support	1,735	5,774
Client supplies and gifts	2,550	1,620
Capital projects	<u>1,100</u>	<u>9,040</u>
	<u>\$ 31,872</u>	<u>\$ 33,739</u>

Note 9 - FAITH RESALE SALES

Sales for Faith Resale were \$796,885 and \$611,386 for the years ended June 30, 2021 and 2020, respectively. Sales are shown net of applicable sales taxes.

Note 10 - OIL AND GAS MINERAL INTEREST

In 1987, the Mission received a donation of an overriding royalty interest in an oil and gas mineral lease located in Webster Parish, Louisiana.

Royalties received are included as unrestricted revenue in the accompanying financial statements. The \$8,756 original appraised value of the asset has been fully amortized and is included in the Mission's property and equipment.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2021 AND 2020

Note 11 - CONDITIONAL GRANT

During the year ended June 30, 2020, the Mission received a Paycheck Protection Program (PPP) loan in the amount of \$231,400 under the Small Business Administration due to the pandemic described in Note 14. Upon receipt, the Mission recorded the PPP loan proceeds as a financial liability. The proceeds were to remain a liability until either (1) the loan is in part or wholly, forgiven, or (2) the loan is paid off by the Mission. When part or all of the loan is forgiven, then the liability is reduced by the amount of forgiveness and a corresponding gain on extinguishment is recorded. During the prior year, Management believed there was reasonable assurance that the entire amount would be forgiven under guidance set forth by the Coronavirus Aide, Relief, and Economic Security (CARES) Act. Therefore, the entire amount was recorded as a conditional grant during 2020. The Mission received notice the grant was forgiven on July 13, 2021.

Note 12 - CONCENTRATIONS

Faith Mission operates in Wichita Falls, Texas. Therefore, support and revenue is dependent on economic conditions in that area.

Note 13 - RETIREMENT PLAN

The Mission has in place a Savings Incentive Match Plan for Employees (SIMPLE). A SIMPLE plan is a defined contribution plan where an employee may defer up to \$11,500 per year in compensation. The Mission will match up to 3% of the employee's salary. SIMPLE matching expense was \$10,315 and \$9,059 for 2021 and 2020, respectively.

Note 14 – PANDEMIC

The COVID-19 outbreak in the United States has created economic uncertainties that may impact future operations. The extent of the impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on Mission's clients and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Mission's financial condition or results of operations is uncertain.

SUPPLEMENTAL SCHEDULES

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF ACTIVITIES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions					
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total
Revenues and support:						
Contributions	\$ 1,400,215	\$ 789,415	\$ 411,562	\$ -	\$ 1,408	\$ 2,602,600
Special events	64,044	-	6,040	-	-	70,084
Interest income	7,888	-	-	-	-	7,888
Oil and gas royalties	241	-	-	-	-	241
Rent from transitional housing	14,412	-	3,926	-	-	18,338
Miscellaneous revenue	-	-	-	-	1,557	1,557
Sales	-	796,885	-	-	147,716	944,601
Less: cost of sales	-	(755,138)	-	-	-	(755,138)
Net assets released from restrictions	10,759	-	21,113	-	-	31,872
Total revenues and support	1,497,559	831,162	442,641	-	150,681	2,922,043
Expenses:						
Program services	839,605	509,554	765,803	9,539	139,016	2,263,517
Administrative	71,743	-	78,397	-	-	150,140
Fundraising	89,923	-	91,586	-	-	181,509
Total expenses before losses	1,001,271	509,554	935,786	9,539	139,016	2,595,166
Loss on the disposal of assets	3,440	-	-	-	-	3,440
Loss on land held for sale	17,200	-	-	-	-	17,200
Total losses	20,640	-	-	-	-	20,640
Total expenses	1,018,471	509,554	935,786	9,539	139,016	2,612,366
Change in net assets	\$ 479,088	\$ 321,608	\$ (493,145)	\$ (9,539)	\$ 11,665	\$ 309,677

With Donor Restrictitons			
Faith Mission	Faith Refuge	Total	Total
\$ 100,000	\$ 10,150	\$ 110,150	\$ 2,712,750
-	-	-	70,084
-	-	-	7,888
-	-	-	241
-	-	-	18,338
-	-	-	1,557
-	-	-	944,601
-	-	-	(755,138)
(10,759)	(21,113)	(31,872)	-
89,241	(10,963)	78,278	3,000,321
-	-	-	2,263,517
-	-	-	150,140
-	-	-	181,509
-	-	-	2,595,166
-	-	-	3,440
-	-	-	17,200
-	-	-	20,640
-	-	-	2,615,806
\$ 89,241	\$ (10,963)	\$ 78,278	\$ 384,515

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF ACTIVITIES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions					
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total
Revenues and support:						
Contributions	\$ 1,397,183	\$ 598,523	\$ 311,065	\$ -	\$ -	\$ 2,306,771
Special events	11,354	-	171,901	-	-	183,255
Conditional grant	231,400	-	-	-	-	231,400
Interest income	12,582	-	-	-	-	12,582
Oil and gas royalties	151	-	-	-	-	151
Rent from transitional housing	16,054	-	8,882	-	-	24,936
Miscellaneous revenue	31,304	-	-	-	7,881	39,185
Sales	-	611,386	-	-	191,315	802,701
Less: cost of sales	-	(598,523)	-	-	-	(598,523)
Net assets released from restrictions	17,678	-	16,061	-	-	33,739
Total revenues and support	1,717,706	611,386	507,909	-	199,196	3,036,197
Expenses:						
Program services	801,667	437,900	792,086	29,791	144,193	2,205,637
Administrative	68,845	-	77,475	-	-	146,320
Fundraising	133,462	-	135,620	-	-	269,082
Total expenses before losses	1,003,974	437,900	1,005,181	29,791	144,193	2,621,039
Loss on the disposal of assets	37,062	-	-	-	-	37,062
Total expenses	1,041,036	437,900	1,005,181	29,791	144,193	2,658,101
Change in net assets	\$ 676,670	\$ 173,486	\$ (497,272)	\$ (29,791)	\$ 55,003	\$ 378,096

With Donor Restrictions			
Faith Mission	Faith Refuge	Total	Total
\$ 12,500	\$ 24,465	\$ 36,965	\$ 2,343,736
-	-	-	183,255
-	-	-	231,400
-	-	-	12,582
-	-	-	151
-	-	-	24,936
-	-	-	39,185
-	-	-	802,701
-	-	-	(598,523)
(17,678)	(16,061)	(33,739)	-
(5,178)	8,404	3,226	3,039,423
-	-	-	2,205,637
-	-	-	146,320
-	-	-	269,082
-	-	-	2,621,039
-	-	-	37,062
-	-	-	2,658,101
\$ (5,178)	\$ 8,404	\$ 3,226	\$ 381,322

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2021

	Program Services								
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total	Administrative	Fundraising	Total
Salaries	\$ 314,375	\$ 307,858	\$ 349,302	\$ 4,451	\$ 58,754	\$ 1,034,740	\$ 71,782	\$ 41,720	\$ 1,148,242
Employee benefits	33,072	12,915	30,985	484	898	78,354	13,802	2,598	94,754
Payroll taxes	23,143	24,850	24,210	360	7,312	79,875	5,799	4,361	90,035
Total payroll and related expenses	370,590	345,623	404,497	5,295	66,964	1,192,969	91,383	48,679	1,333,031
Auto and truck	14,203	10,240	1,846	-	16,921	43,210	-	-	43,210
Christmas gift	331	111	184	-	-	626	-	40	666
Contract labor	772	4,648	-	-	-	5,420	-	-	5,420
Food	197,241	-	63,891	-	-	261,132	-	-	261,132
Insurance	18,211	15,854	18,089	1,276	12,869	66,299	3,387	967	70,653
Kitchen supplies	11,152	-	3,450	-	-	14,602	-	-	14,602
Membership dues and fees	4,257	-	810	-	-	5,067	179	-	5,246
Office and miscellaneous	19,537	27,725	14,820	803	5,846	68,731	4,199	16,879	89,809
Postage and printing	959	468	218	44	-	1,689	170	2,365	4,224
Professional fees	-	-	-	-	-	-	13,995	-	13,995
Program gift	31,827	-	13,649	1,884	-	47,360	-	-	47,360
Promotional	-	9,992	-	-	-	9,992	-	96,696	106,688
Repair and maintenance	75,471	6,510	51,230	-	5,593	138,804	11,263	2,814	152,881
Specific assistance	2,588	-	1,456	-	-	4,044	-	-	4,044
Special events	-	-	-	-	-	-	-	6,041	6,041
Supplies	-	-	-	-	21,454	21,454	-	-	21,454
Training and travel	267	-	235	-	-	502	353	725	1,580
Utilities	60,832	66,370	39,418	-	1,292	167,912	8,911	2,228	179,051
Total expenses before depreciation	808,238	487,541	613,793	9,302	130,939	2,049,813	133,840	177,434	2,361,087
Depreciation	31,367	22,013	152,010	237	8,077	213,704	16,300	4,075	234,079
Totals	<u>\$ 839,605</u>	<u>\$ 509,554</u>	<u>\$ 765,803</u>	<u>\$ 9,539</u>	<u>\$ 139,016</u>	<u>\$ 2,263,517</u>	<u>\$ 150,140</u>	<u>\$ 181,509</u>	<u>\$ 2,595,166</u>

WICHITA FALLS FAITH MISSION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2020

	Program Services								
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total	Administrative	Fundraising	Total
Salaries	\$ 321,968	\$ 274,661	\$ 329,803	\$ 22,271	\$ 62,783	\$ 1,011,486	\$ 72,162	\$ 45,709	\$ 1,129,357
Employee benefits	37,168	13,877	22,241	44	1,523	74,853	10,352	1,204	86,409
Payroll taxes	25,278	23,482	28,097	1,907	7,923	86,687	5,753	4,796	97,236
Total payroll and related expenses	384,414	312,020	380,141	24,222	72,229	1,173,026	88,267	51,709	1,313,002
Auto and truck	13,008	6,819	2,475	-	21,427	43,729	-	-	43,729
Christmas gift	1,065	256	385	-	69	1,775	-	-	1,775
Contract labor	-	1,719	-	-	-	1,719	-	-	1,719
Food	156,185	-	86,777	-	-	242,962	-	-	242,962
Insurance	21,792	14,280	18,748	1,218	13,847	69,885	3,755	1,183	74,823
Kitchen supplies	10,695	-	2,961	-	-	13,656	-	-	13,656
Membership dues and fees	2,268	-	2,268	-	-	4,536	-	390	4,926
Office and miscellaneous	30,670	23,990	13,180	785	4,575	73,200	4,227	13,719	91,146
Postage and printing	480	-	110	110	-	700	165	3,569	4,434
Professional fees	-	-	240	-	-	240	13,000	-	13,240
Program gift	18,879	-	21,191	3,281	-	43,351	-	-	43,351
Promotional	-	163	-	-	-	163	-	118,347	118,510
Repair and maintenance	73,312	5,494	59,623	-	8,484	146,913	11,818	2,954	161,685
Specific assistance	3,111	-	4,252	-	-	7,363	-	-	7,363
Special events	-	-	-	-	-	-	-	62,982	62,982
Supplies	-	-	-	-	13,979	13,979	-	-	13,979
Training and travel	1,995	404	3,483	-	-	5,882	317	2,120	8,319
Utilities	55,558	56,660	39,244	19	1,527	153,008	8,427	2,107	163,542
Total expenses before depreciation	774,805	421,805	635,078	29,635	136,137	1,997,460	129,976	264,996	2,392,432
Depreciation	26,862	16,095	157,008	156	8,056	208,177	16,344	4,086	228,607
Totals	<u>\$ 801,667</u>	<u>\$ 437,900</u>	<u>\$ 792,086</u>	<u>\$ 29,791</u>	<u>\$ 144,193</u>	<u>\$ 2,205,637</u>	<u>\$ 146,320</u>	<u>\$ 269,082</u>	<u>\$ 2,621,039</u>