

WICHITA FALLS FAITH MISSION, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of as of June 30, 2022 and 2021, 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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Wichita Falls Faith Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Wichita Falls Faith Mission, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Wichita Falls Faith Mission, 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 Wichita Falls Faith Mission, 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 Supplementary Information

Our audit was 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 is 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
November 30, 2022

WICHITA FALLS FAITH MISSION, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,919,300	\$ 1,726,691
Accounts receivable	3,835	2,610
Current portion of long-term notes receivable	4,441	3,356
Inventory	94,389	24,727
Prepaid expenses and other	25,640	29,897
Total current assets	<u>2,047,605</u>	<u>1,787,281</u>
Property and equipment, net	<u>4,423,419</u>	<u>4,256,798</u>
Total assets	<u><u>\$ 6,471,024</u></u>	<u><u>\$ 6,044,079</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 60,585	\$ 49,865
Current portion of capital lease	1,064	1,757
Other accrued liabilities	58,993	71,702
Refundable grant	-	10,000
Total current liabilities	<u>120,642</u>	<u>133,324</u>
Noncurrent liabilities:		
Capital lease, less current portion	<u>4,939</u>	<u>5,850</u>
Total noncurrent liabilities	<u>4,939</u>	<u>5,850</u>
Total liabilities	<u>125,581</u>	<u>139,174</u>
Net assets:		
Without donor restrictions	6,185,494	5,751,459
With donor restrictions	159,949	153,446
Total net assets	<u>6,345,443</u>	<u>5,904,905</u>
Total liabilities and net assets	<u><u>\$ 6,471,024</u></u>	<u><u>\$ 6,044,079</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 1,459,498	\$ 30,600	\$ 1,490,098
Donations in kind	1,399,096	-	1,399,096
Special events	268,642	-	268,642
Interest income	2,383	-	2,383
Oil and gas royalties	347	-	347
Rent from transitional housing	14,985	-	14,985
Miscellaneous revenue	224	-	224
Sales	1,390,903	-	1,390,903
Less: cost of sales	(984,545)	-	(984,545)
Net assets released from restrictions	24,097	(24,097)	-
	<u>3,575,630</u>	<u>6,503</u>	<u>3,582,133</u>
Total revenues and support			
	<u>3,575,630</u>	<u>6,503</u>	<u>3,582,133</u>
Expenses:			
Program services	2,725,148	-	2,725,148
Administrative	161,204	-	161,204
Fundraising	253,757	-	253,757
	<u>3,140,109</u>	<u>-</u>	<u>3,140,109</u>
Total expenses before losses			
	<u>3,140,109</u>	<u>-</u>	<u>3,140,109</u>
Loss on the disposal of assets	1,486	-	1,486
	<u>1,486</u>	<u>-</u>	<u>1,486</u>
Total expenses			
	<u>3,141,595</u>	<u>-</u>	<u>3,141,595</u>
Change in net assets	434,035	6,503	440,538
Net assets at beginning of year	5,751,459	153,446	5,904,905
	<u>5,751,459</u>	<u>153,446</u>	<u>5,904,905</u>
Net assets at end of year	\$ 6,185,494	\$ 159,949	\$ 6,345,443
	<u>\$ 6,185,494</u>	<u>\$ 159,949</u>	<u>\$ 6,345,443</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	\$ 1,597,695	\$ 110,150	\$ 1,707,845
Donations in kind	1,004,905	-	1,004,905
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)	-
	<u>2,922,043</u>	<u>78,278</u>	<u>3,000,321</u>
Total revenues and support			
Expenses:			
Program services	2,263,517	-	2,263,517
Administrative	150,140	-	150,140
Fundraising	181,509	-	181,509
	<u>2,595,166</u>	<u>-</u>	<u>2,595,166</u>
Total expenses before losses			
Loss on the disposal of assets	3,440	-	3,440
Loss on land held for sale	17,200	-	17,200
	<u>20,640</u>	<u>-</u>	<u>20,640</u>
Total losses			
Total expenses	<u>2,615,806</u>	<u>-</u>	<u>2,615,806</u>
Change in net assets	306,237	78,278	384,515
Net assets at beginning of year, as reported	<u>5,445,222</u>	<u>75,168</u>	<u>5,520,390</u>
Net assets at end of year	<u>\$ 5,751,459</u>	<u>\$ 153,446</u>	<u>\$ 5,904,905</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, 2022

	Program Services	Administrative	Fundraising	Total
Salaries	\$ 1,214,250	\$ 80,369	\$ 49,916	\$ 1,344,535
Employee benefits	69,116	11,519	2,956	83,591
Payroll taxes	106,542	6,584	4,944	118,070
Total payroll and related expenses	1,389,908	98,472	57,816	1,546,196
Auto and truck	68,013	-	-	68,013
Christmas gift	1,166	-	-	1,166
Contract labor	3,939	-	-	3,939
Food	362,677	-	-	362,677
Insurance	94,438	5,555	1,502	101,495
Kitchen supplies	18,469	-	-	18,469
Membership dues and fees	3,057	-	-	3,057
Office and miscellaneous	107,440	4,299	22,340	134,079
Postage and printing	1,412	236	3,294	4,942
Professional fees	495	13,950	-	14,445
Program gift	53,965	-	-	53,965
Promotional	6,884	-	143,538	150,422
Repair and maintenance	143,608	11,102	2,775	157,485
Specific assistance	7,748	-	-	7,748
Special events	-	-	14,288	14,288
Supplies	41,253	-	-	41,253
Training and travel	8,490	514	1,435	10,439
Utilities	189,046	10,103	2,526	201,675
Total expenses before depreciation	2,502,008	144,231	249,514	2,895,753
Depreciation	223,140	16,973	4,243	244,356
Totals	<u>\$ 2,725,148</u>	<u>\$ 161,204</u>	<u>\$ 253,757</u>	<u>\$ 3,140,109</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.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 440,538	\$ 384,515
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	244,356	234,079
Donated securities	-	-
Loan forgiveness	(10,000)	-
Loss on disposal of assets	1,486	3,440
Loss on land held for sale	-	17,200
(Increase) decrease in assets:		
Receivables	(1,225)	26,238
Inventory	(69,662)	-
Prepaid expenses	4,257	(4,846)
Increase (decrease) in liabilities:		
Accounts payable	10,720	22,352
Other accrued liabilities	(12,709)	16,346
Net cash provided by operating activities	<u>607,761</u>	<u>699,324</u>
Cash flows from investing activities:		
Purchase of property and equipment	(413,837)	(305,069)
Proceeds from sale of property and equipment	1,374	-
Payments on capital lease	(1,604)	(2,070)
Collections on (additions to) note receivable	(1,085)	(502)
Net cash used by investing activities	<u>(415,152)</u>	<u>(307,641)</u>
Net increase in cash and cash equivalents	192,609	391,683
Cash and cash equivalents at beginning of year	<u>1,726,691</u>	<u>1,335,008</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,919,300</u></u>	<u><u>\$ 1,726,691</u></u>

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

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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 \$27,576 and \$26,993 as of June 30, 2022 and 2021, 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, 2022 AND 2021

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, 2022 and 2021, advertising costs totaled \$150,422 and \$106,688, 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 Mission receives donated food to provide meals in the shelters and goods to be sold through Faith Resale. 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 2022 and 2021, is recognized in the financial statements as contribution revenue and program expense. The Mission received \$250,070 and \$187,165 in donated food for the years ended June 30, 2022 and 2021, respectively. The Refuge received \$70,043 and \$62,602 in donated food for the years ended June 30, 2022 and 2021. 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.

Donated goods for resale are valued at fair market value, as determined by the sales price. Faith Resale received \$1,054,207 and \$755,138 in donated goods for the years ended June 30, 2022 and 2021, respectively.

Date of Management's Evaluation

Management has evaluated subsequent events through November 30, 2022, the date on which the financial statements were available to be issued.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,919,300	\$ 1,726,691
Accounts receivable	3,835	2,610
Current portion of long-term notes receivable	<u>4,441</u>	<u>3,356</u>
	<u>\$ 1,927,576</u>	<u>\$ 1,732,657</u>

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

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2022 AND 2021

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, 2022 and 2021, the Mission's cash accounts exceeded the FDIC insurance threshold by \$842,371 and \$483,523, respectively.

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, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Property and equipment not being depreciated:		
Land	<u>\$ 284,912</u>	<u>\$ 263,282</u>
Property and equipment being depreciated:		
Building and improvements	6,501,066	6,250,834
Furniture and fixtures	755,449	725,703
Vehicles and equipment	<u>243,135</u>	<u>143,351</u>
Total property and equipment being depreciated	<u>7,499,650</u>	<u>7,119,888</u>
Less accumulated depreciation	<u>(3,361,143)</u>	<u>(3,126,372)</u>
Total property and equipment being depreciated, net	<u>4,138,507</u>	<u>3,993,516</u>
Total property and equipment, net	<u>\$ 4,423,419</u>	<u>\$ 4,256,798</u>

Depreciation expense was \$244,356 and \$234,079 for 2022 and 2021, respectively.

WICHITA FALLS FAITH MISSION, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2022 AND 2021

Note 5 - CAPITAL LEASE

The Mission entered into a capital lease on March 25, 2021, 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, 2022 as follows:

<u>Year ending June 30,</u>	
2023	\$ 1,604
2024	1,604
2025	1,604
2027	<u>1,191</u>
Total future minimum lease payments	6,003
Less: amount representing interest	<u>(-)</u>
Total future minimum lease payments	<u>\$ 6,003</u>

The carrying value of the equipment purchased under capital lease is \$6,873 at June 30, 2022.

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, 2022 AND 2021

Note 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2022 and 2021:

	2022	2021
Subject to expenditure for a specific purpose:		
Medical and dental care – for clients	\$ 34,738	\$ 34,315
Transitional Support	110,981	110,981
Client supplies and gifts	3,930	4,850
Capital projects	10,300	3,300
Total	\$ 159,949	\$ 153,446

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, 2022 and 2021 was as follows:

	2022	2021
Medical and dental care – for clients	\$ 19,576	\$ 26,487
Transitional Support	-	1,735
Client supplies and gifts	4,521	2,550
Capital projects	-	1,100
Total	\$ 24,097	\$ 31,872

Note 9 - FAITH RESALE SALES

Sales for Faith Resale were \$1,128,580 and \$796,885 for the years ended June 30, 2022 and 2021, 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, 2022 AND 2021

Note 11 - CONCENTRATIONS

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

Note 12 - 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 \$11,248 and \$10,315 for 2022 and 2021, respectively.

Note 13 - 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, 2022

	Without Donor Restrictions					
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total
Revenues and support:						
Contributions	\$ 1,220,168	\$ 1,367	\$ 236,788	\$ -	\$ 1,175	\$ 1,459,498
Donations in kind	268,889	1,054,207	76,000	-	-	1,399,096
Special events	148,068	-	120,574	-	-	268,642
Interest income	2,383	-	-	-	-	2,383
Oil and gas royalties	347	-	-	-	-	347
Rent from transitional housing	13,585	-	1,400	-	-	14,985
Miscellaneous revenue	-	-	-	-	224	224
Sales	-	1,128,580	-	-	262,323	1,390,903
Less: cost of sales	-	(984,545)	-	-	-	(984,545)
Net assets released from restrictions	5,878	-	18,219	-	-	24,097
Total revenues and support	1,659,318	1,199,609	452,981	-	263,722	3,575,630
Expenses:						
Program services	995,027	662,710	833,114	26,627	207,670	2,725,148
Administrative	75,677	-	85,527	-	-	161,204
Fundraising	125,647	-	128,110	-	-	253,757
Total expenses before losses	1,196,351	662,710	1,046,751	26,627	207,670	3,140,109
Loss on the disposal of assets	1,486	-	-	-	-	1,486
Total expenses	1,197,837	662,710	1,046,751	26,627	207,670	3,141,595
Change in net assets	\$ 461,481	\$ 536,899	\$ (593,770)	\$ (26,627)	\$ 56,052	\$ 434,035

With Donor Restrictitons			
Faith Mission	Faith Refuge	Total	Total
\$ 12,800	\$ 17,800	\$ 30,600	\$ 1,490,098
-	-	-	-
-	-	-	268,642
-	-	-	2,383
-	-	-	347
-	-	-	14,985
-	-	-	224
-	-	-	1,390,903
-	-	-	(984,545)
(5,878)	(18,219)	(24,097)	-
6,922	(419)	6,503	3,582,133
-	-	-	2,725,148
-	-	-	161,204
-	-	-	253,757
-	-	-	3,140,109
-	-	-	1,486
-	-	-	3,141,595
\$ 6,922	\$ (419)	\$ 6,503	\$ 440,538

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	\$ 1,213,050	\$ 34,277	\$ 348,960	\$ -	\$ 1,408	\$ 1,597,695
Donations in kind	187,165	755,138	62,602	-	-	1,004,905
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 Restrictions			
Faith Mission	Faith Refuge	Total	Total
\$ 100,000	\$ 10,150	\$ 110,150	\$ 1,707,845
-	-	-	1,004,905
-	-	-	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 FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2022

	Program Services								
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total	Administrative	Fundraising	Total
Salaries	\$ 356,097	\$ 410,778	\$ 338,893	\$ 19,770	\$ 88,712	\$ 1,214,250	\$ 80,369	\$ 49,916	\$ 1,344,535
Employee benefits	37,144	12,930	18,243	949	(150)	69,116	11,519	2,956	83,591
Payroll taxes	28,055	36,233	30,570	1,600	10,084	106,542	6,584	4,944	118,070
Total payroll and related expenses	421,296	459,941	387,706	22,319	98,646	1,389,908	98,472	57,816	1,546,196
Auto and truck	19,086	12,359	4,596	-	31,972	68,013	-	-	68,013
Christmas gift	581	63	266	19	237	1,166	-	-	1,166
Contract labor	-	3,939	-	-	-	3,939	-	-	3,939
Food	282,147	-	80,530	-	-	362,677	-	-	362,677
Insurance	30,409	21,325	30,051	1,273	11,380	94,438	5,555	1,502	101,495
Kitchen supplies	15,281	-	3,188	-	-	18,469	-	-	18,469
Membership dues and fees	3,057	-	-	-	-	3,057	-	-	3,057
Office and miscellaneous	27,929	43,621	26,187	835	8,868	107,440	4,299	22,340	134,079
Postage and printing	785	476	151	-	-	1,412	236	3,294	4,942
Professional fees	-	495	-	-	-	495	13,950	-	14,445
Program gift	29,704	-	22,335	1,926	-	53,965	-	-	53,965
Promotional	-	6,390	-	-	494	6,884	-	143,538	150,422
Repair and maintenance	59,335	13,701	65,562	-	5,010	143,608	11,102	2,775	157,485
Specific assistance	2,290	-	5,458	-	-	7,748	-	-	7,748
Special events	-	-	-	-	-	-	-	14,288	14,288
Supplies	-	-	-	-	41,253	41,253	-	-	41,253
Training and travel	3,304	2,868	2,305	-	13	8,490	514	1,435	10,439
Utilities	66,697	74,009	46,962	-	1,378	189,046	10,103	2,526	201,675
Total expenses before depreciation	961,901	639,187	675,297	26,372	199,251	2,502,008	144,231	249,514	2,895,753
Depreciation	33,126	23,523	157,817	255	8,419	223,140	16,973	4,243	244,356
Totals	<u>\$ 995,027</u>	<u>\$ 662,710</u>	<u>\$ 833,114</u>	<u>\$ 26,627</u>	<u>\$ 207,670</u>	<u>\$ 2,725,148</u>	<u>\$ 161,204</u>	<u>\$ 253,757</u>	<u>\$ 3,140,109</u>

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>