

**WICHITA FALLS FAITH MISSION, INC.**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**



**WICHITA FALLS FAITH MISSION, INC.**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**JUNE 30, 2023 AND 2022**

**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



**MWH GROUP**  
CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

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, 2023 and 2022, 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, 2023 and 2022, 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  
February 21, 2024

# WICHITA FALLS FAITH MISSION, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,140,600	\$ 1,449,232
Certificates of deposit	529,499	470,068
Accounts receivable	7,615	3,835
Current portion of long-term notes receivable	6,371	4,441
Inventory	111,004	94,389
Prepaid expenses and other	14,808	25,640
Total current assets	<u>1,809,897</u>	<u>2,047,605</u>
Property and equipment, net	<u>4,906,705</u>	<u>4,423,419</u>
Total assets	<u><u>\$ 6,716,602</u></u>	<u><u>\$ 6,471,024</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 64,028	\$ 60,585
Current portion of notes payable	3,402	1,064
Other accrued liabilities	55,020	58,993
Total current liabilities	<u>122,450</u>	<u>120,642</u>
Noncurrent liabilities:		
Notes payable, less current portion	8,809	4,399
Total noncurrent liabilities	<u>8,809</u>	<u>4,939</u>
Total liabilities	<u>131,259</u>	<u>125,581</u>
Net assets:		
Without donor restrictions	6,431,435	6,185,494
With donor restrictions	153,908	159,949
Total net assets	<u>6,585,343</u>	<u>6,345,443</u>
Total liabilities and net assets	<u><u>\$ 6,716,602</u></u>	<u><u>\$ 6,471,024</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 1,634,387	\$ 43,842	\$ 1,678,229
Donations in kind	1,609,909	-	1,609,909
Special events	259,766	-	259,766
Interest income	16,654	-	16,654
Oil and gas royalties	805	-	805
Rent from transitional housing	20,925	-	20,925
Miscellaneous revenue	2,178	-	2,178
Sales	1,639,859	-	1,639,859
Less: cost of sales	(1,318,590)	-	(1,318,590)
Gain on disposal of asset	5,872	-	5,872
Net assets released from restrictions	49,883	(49,883)	-
	3,921,648	(6,041)	3,915,607
Total revenues and support			
Expenses:			
Program services	3,152,538	-	3,152,538
Administrative	156,701	-	156,701
Fundraising	366,468	-	366,468
	3,675,707	-	3,675,707
Total expenses			
Change in net assets	245,941	(6,041)	239,900
Net assets at beginning of year	6,185,494	159,949	6,345,443
Net assets at end of year	\$ 6,431,435	\$ 153,908	\$ 6,585,343

*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)	-
Total revenues and support	3,575,630	6,503	3,582,133
Expenses:			
Program services	2,725,148	-	2,725,148
Administrative	161,204	-	161,204
Fundraising	253,757	-	253,757
Total expenses before losses	3,140,109	-	3,140,109
Loss on the disposal of assets	1,486	-	1,486
Total expenses	3,141,595	-	3,141,595
Change in net assets	434,035	6,503	440,538
Net assets at beginning of year, as reported	5,751,459	153,446	5,904,905
Net assets at end of year	\$ 6,185,494	\$ 159,949	\$ 6,345,443

*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, 2023

	Program Services	Administrative	Fundraising	Total
Salaries	\$ 1,481,088	\$ 68,449	\$ 103,453	\$ 1,652,990
Employee benefits	70,969	10,394	16,694	98,057
Payroll taxes	125,779	5,491	10,483	141,753
Total payroll and related expenses	1,677,836	84,334	130,630	1,892,800
Auto and truck	91,572	-	-	91,572
Christmas gift	3,243	-	143	3,386
Food	308,704	-	-	308,704
Insurance	103,478	5,905	5,136	114,519
Kitchen supplies	15,554	-	-	15,554
Membership dues and fees	5,915	154	-	6,069
Office and miscellaneous	162,459	6,601	23,663	192,723
Postage and printing	1,260	63	2,936	4,259
Professional fees	622	14,600	-	15,222
Program gift	76,699	-	-	76,699
Promotional	11,181	-	155,593	166,774
Repair and maintenance	185,847	13,908	12,169	211,924
Specific assistance	7,152	-	-	7,152
Special events	-	-	9,399	9,399
Supplies	47,068	-	-	47,068
Training and travel	776	509	-	1,285
Utilities	205,745	10,868	9,510	226,123
Total expenses before depreciation	2,905,111	136,942	349,179	3,391,232
Depreciation	247,427	19,759	17,289	284,475
Totals	<u>\$ 3,152,538</u>	<u>\$ 156,701</u>	<u>\$ 366,468</u>	<u>\$ 3,675,707</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.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 239,900	\$ 440,538
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	284,475	244,356
Loan forgiveness	-	(10,000)
(Gain) loss on disposal of assets	(5,872)	1,486
(Increase) decrease in assets:		
Receivables	(3,780)	(1,225)
Inventory	(16,615)	(69,662)
Prepaid expenses	10,832	4,257
Increase (decrease) in liabilities:		
Accounts payable	3,443	10,720
Other accrued liabilities	(3,973)	(12,709)
Net cash provided by operating activities	508,410	607,761
Cash flows from investing activities:		
Purchase of property and equipment	(767,761)	(413,837)
Proceeds from sale of property and equipment	5,872	1,374
Purchase of investments	(59,431)	-
Collections on (additions to) note receivable	(1,930)	(1,085)
Net cash used by investing activities	(823,250)	(413,548)
Cash flows from financing activities:		
Payments on notes payable	(2,015)	(1,604)
Notes payable	8,223	-
Net cash used by investing activities	6,208	(1,604)
Net increase (decrease) in cash and cash equivalents	(308,632)	192,609
Cash and cash equivalents at beginning of year	1,449,232	1,256,623
Cash and cash equivalents at end of year	\$ 1,140,600	\$ 1,449,232

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

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

### 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, 2023 AND 2022

### 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.

#### Certificates of Deposit

Certificates of deposit are stated at cost and have maturity dates of one year.

#### 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:

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2023 AND 2022

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

#### Functional Classification of Expenses (Cont'd.)

- 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 85% of pertinent non-direct expenses are related to this function.

- 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 7% 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 \$25,222 and \$27,576 as of June 30, 2023 and 2022, respectively.

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D) JUNE 30, 2023 AND 2022

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

#### Accrued Compensated Absences (Cont'd.)

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.

#### 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, 2023 and 2022, advertising costs totaled \$166,774 and \$150,422, 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 \$1.92 and \$1.67 per pound for 2023 and 2022, respectively, is recognized in the financial statements as contribution revenue and program expense. The Mission received \$146,279 and \$250,070 in donated food for the years ended June 30, 2023 and 2022, respectively. The Refuge received \$100,928 and \$70,043 in donated food for the years ended June 30, 2023 and 2022. 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 \$1,335,513 and \$1,054,207 in donated goods for the years ended June 30, 2023 and 2022, respectively.

#### Recent Accounting Pronouncements

The Mission adopted ASU 2016-02 on July 1, 2022. ASU 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for most leases. It also modifies the classification criteria for leases as finance leases or operating leases. The adoption of this standard does not have a material impact on the financial statements.

#### Date of Management's Evaluation

Management has evaluated subsequent events through February 21, 2024, 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, 2023 AND 2022

### 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:

	2023	2022
Cash and cash equivalents	\$ 1,140,600	\$ 1,449,232
Certificates of deposit	529,499	470,068
Accounts receivable	7,615	3,835
Current portion of long-term notes receivable	6,371	4,441
	\$ 1,684,085	\$ 1,927,576

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, 2023 and 2022, the Mission's cash accounts exceeded the FDIC insurance threshold by \$355,545 and \$842,371, 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, 2023 and 2022 are summarized as follows:

	2023	2022
Property and equipment not being depreciated:		
Land	\$ 290,908	\$ 284,912
Property and equipment being depreciated:		
Building and improvements	7,063,947	6,501,066
Furniture and fixtures	773,653	755,449
Vehicles and equipment	411,815	243,135
Total property and equipment being depreciated	8,249,415	7,499,650
Less accumulated depreciation	(3,633,618)	(3,361,143)
Total property and equipment being depreciated, net	4,615,797	4,138,507
Total property and equipment, net	\$ 4,906,705	\$ 4,423,419

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2023 AND 2022

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

Depreciation expense was \$284,475 and \$244,356 for 2023 and 2022, respectively.

Note 5 - LONG-TERM DEBT

The Mission entered into an interest free note payable agreement on March 25, 2021, with Kubota Credit Corporation, for the purchase of a Kubota commercial mower. The agreement requires monthly payments of \$133 and expires in March 2026.

The Mission entered into an interest free note payable agreement on March 14, 2023, with Kubota Credit Corporation, for a Kubota commercial mower. The agreement requires monthly payments of \$137 and expires in March 2028.

The notes payable agreements provide for future principal payments as of June 30, 2023, as follows:

<u>Year ending June 30,</u>		
2024	\$	3,248
2025		3,248
2026		2,837
2027		1,645
2028		<u>1,233</u>
Total	\$	<u>12,211</u>

The carrying value of the equipment purchased through the note agreement is \$13,489 at June 30, 2023.

Note 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2023 and 2022:

	2023	2022
Subject to expenditure for a specific purpose:		
Medical and dental care – for clients	\$ 18,452	\$ 34,738
Transitional Support	110,981	110,981
Client supplies and gifts	6,175	3,930
Capital projects	<u>18,300</u>	<u>10,300</u>
Total	<u>\$ 153,908</u>	<u>\$ 159,949</u>

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2023 AND 2022

### 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, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Medical and dental care – for clients	\$ 36,286	\$ 19,576
Transitional Support	-	-
Client supplies and gifts	7,597	4,521
Capital projects	<u>6,000</u>	<u>-</u>
Total	<u>\$ 49,883</u>	<u>\$ 24,097</u>

### Note 9 - FAITH RESALE SALES

Sales for Faith Resale were \$1,388,717 and \$1,128,580 for the years ended June 30, 2023 and 2022, 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.

### 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 \$19,399 and \$11,248 for 2023 and 2022, respectively.

### Note 14 – COMMITMENTS AND CONTINGENCIES

The Mission has entered into a new lease agreement with Crossroads 2708, LLC, for building suites located at 2708 Southwest Parkway in Wichita Falls, Texas. The purpose of this lease is to provide additional space for Faith Resale activities. The lease agreement, which was executed on June 9, 2023, has an initial term of 10 years, and includes provisions for 5-year renewal options. The initial term and duty to pay rent shall commence thirty days after the completion of the agreed upon renovations to the property.

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2023 AND 2022

### Note 14 – COMMITMENTS AND CONTINGENCIES (CONT'D)

The agreement stipulates the Mission is liable for a cash contribution up to \$280,000 for the renovation of the building suites, and Crossroads 2708, LLC (lessor) shall make a charitable contribution to the Mission of up to 70% of the renovation costs. The contribution will be made at the time the payment is required to the contractor. Although the lease agreement was executed before year end, the lease term did not commence, and no lease payments were made as of June 30, 2023. As such, no right to use lease asset or liability was reflected in the statement of net position as of June 30, 2023.

### Note 15 – SUBSEQUENT EVENTS

#### HOME-ARP grant

In September 2021, the U.S. Department of Housing and Urban Development (HUD) announced the allocation of \$1,572,000 to the City of Wichita Falls, Texas for a new grant called the Home Investment Partnerships Grant – American Rescue Plan (HOME-ARP). The grant funds were intended to provide assistance and/or services to the homeless through acquisition and development of a non-congregate shelter, tenant based rental assistance, supportive services, HOME-ARP rental housing, administration and planning, and nonprofit operating and capacity building assistance. In June 2023, the Mission applied for the grant and was allocated \$714,872 in funding that is to be received after fiscal year end in October 2023. The Mission intends to use the grant funds for the addition of new rooms at the Faith Refuge shelter.

#### Building lease

On January 8, 2024, the building lease was amended to include a monthly base rent payment of \$7,919 and an additional monthly payment \$959 for the pro-rata share of building expenses. As of February 21, 2024, the lease term has not commenced.

## **SUPPLEMENTAL SCHEDULES**

## WICHITA FALLS FAITH MISSION, INC.

### SCHEDULE OF ACTIVITIES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions					Total
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	
Revenues and support:						
Contributions	\$ 1,412,710	\$ 2,195	\$ 212,583	\$ -	\$ 6,899	\$ 1,634,387
Donations in kind	158,981	1,335,513	115,415	-	-	1,609,909
Special events	113,481	-	146,285	-	-	259,766
Interest income	16,654	-	-	-	-	16,654
Oil and gas royalties	805	-	-	-	-	805
Rent from transitional housing	9,225	-	11,700	-	-	20,925
Miscellaneous revenue	285	-	-	-	1,893	2,178
Sales	-	1,388,717	-	-	251,142	1,639,859
Less: cost of sales	-	(1,318,590)	-	-	-	(1,318,590)
Gain (loss) on the disposal of assets	5,872	-	-	-	-	5,872
Net assets released from restrictions	17,264	-	32,619	-	-	49,883
Total revenues and support	1,735,277	1,407,835	518,602	-	259,934	3,921,648
Expenses:						
Program services	1,004,449	890,349	989,912	34,786	233,042	3,152,538
Administrative	73,778	-	82,923	-	-	156,701
Fundraising	179,232	-	187,236	-	-	366,468
Total expenses	1,257,459	890,349	1,260,071	34,786	233,042	3,675,707
Change in net assets	\$ 477,818	\$ 517,486	\$ (741,469)	\$ (34,786)	\$ 26,892	\$ 245,941

With Donor Restrictons

Faith Mission	Faith Refuge	Total	Total
\$ 18,800	\$ 25,042	\$ 43,842	\$ 1,678,229
-	-	-	1,609,909
-	-	-	259,766
-	-	-	16,654
-	-	-	805
-	-	-	20,925
-	-	-	2,178
-	-	-	1,639,859
-	-	-	(1,318,590)
-	-	-	5,872
(17,264)	(32,619)	(49,883)	-
1,536	(7,577)	(6,041)	3,915,607
-	-	-	3,152,538
-	-	-	156,701
-	-	-	366,468
-	-	-	3,675,707
<u>\$ 1,536</u>	<u>\$ (7,577)</u>	<u>\$ (6,041)</u>	<u>\$ 239,900</u>

## WICHITA FALLS FAITH MISSION, INC.

### SCHEDULE OF ACTIVITIES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions					Total
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	
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
<b>Total revenues and support</b>	<b>1,659,318</b>	<b>1,199,609</b>	<b>452,981</b>	<b>-</b>	<b>263,722</b>	<b>3,575,630</b>
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
<b>Total expenses before losses</b>	<b>1,196,351</b>	<b>662,710</b>	<b>1,046,751</b>	<b>26,627</b>	<b>207,670</b>	<b>3,140,109</b>
Loss on the disposal of assets	1,486	-	-	-	-	1,486
<b>Total expenses</b>	<b>1,197,837</b>	<b>662,710</b>	<b>1,046,751</b>	<b>26,627</b>	<b>207,670</b>	<b>3,141,595</b>
Change in net assets	<u>\$ 461,481</u>	<u>\$ 536,899</u>	<u>\$ (593,770)</u>	<u>\$ (26,627)</u>	<u>\$ 56,052</u>	<u>\$ 434,035</u>

With Donor Restrictions

Faith Mission	Faith Refuge	Total	Total
\$ 12,800	\$ 17,800	\$ 30,600	\$ 1,490,098
-	-	-	1,399,096
-	-	-	268,642
-	-	-	2,383
-	-	-	347
-	-	-	14,985
-	-	-	224
-	-	-	1,390,903
-	-	-	(984,545)
<u>(5,878)</u>	<u>(18,219)</u>	<u>(24,097)</u>	<u>-</u>
<u>6,922</u>	<u>(419)</u>	<u>6,503</u>	<u>3,582,133</u>
-	-	-	2,725,148
-	-	-	161,204
<u>-</u>	<u>-</u>	<u>-</u>	<u>253,757</u>
-	-	-	3,140,109
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,486</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,141,595</u>
<u>\$ 6,922</u>	<u>\$ (419)</u>	<u>\$ 6,503</u>	<u>\$ 440,538</u>

## WICHITA FALLS FAITH MISSION, INC.

### SCHEDULE OF FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2023

	<b>Program Services</b>								
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total	Administrative	Fundraising	Total
Salaries	\$ 413,027	\$ 547,728	\$ 400,585	\$ 27,756	\$ 91,992	\$ 1,481,088	\$ 68,449	\$ 103,453	\$ 1,652,990
Employee benefits	28,840	15,071	25,987	17	1,054	70,969	10,394	16,694	98,057
Payroll taxes	33,407	46,793	33,640	2,088	9,851	125,779	5,491	10,483	141,753
Total payroll and related expenses	475,274	609,592	460,212	29,861	102,897	1,677,836	84,334	130,630	1,892,800
Auto and truck	27,327	17,651	13,229	-	33,365	91,572	-	-	91,572
Christmas gift	1,938	540	717	-	48	3,243	-	143	3,386
Contract labor	-	-	-	-	-	-	-	-	-
Food	180,823	-	127,881	-	-	308,704	-	-	308,704
Insurance	31,367	29,548	30,242	1,000	11,321	103,478	5,905	5,136	114,519
Kitchen supplies	11,883	-	3,671	-	-	15,554	-	-	15,554
Membership dues and fees	4,499	362	1,054	-	-	5,915	154	-	6,069
Office and miscellaneous	39,385	84,832	28,841	211	9,190	162,459	6,601	23,663	192,723
Postage and printing	726	150	384	-	-	1,260	63	2,936	4,259
Professional fees	510	112	-	-	-	622	14,600	-	15,222
Program gift	38,566	-	34,716	3,417	-	76,699	-	-	76,699
Promotional	-	11,181	-	-	-	11,181	-	155,593	166,774
Repair and maintenance	83,074	20,106	64,694	-	17,973	185,847	13,908	12,169	211,924
Specific assistance	3,961	-	3,191	-	-	7,152	-	-	7,152
Special events	-	-	-	-	-	-	-	9,399	9,399
Supplies	-	-	-	-	47,068	47,068	-	-	47,068
Training and travel	748	-	28	-	-	776	509	-	1,285
Utilities	67,946	88,890	47,530	-	1,379	205,745	10,868	9,510	226,123
Total expenses before depreciation	968,027	862,964	816,390	34,489	223,241	2,905,111	136,942	349,179	3,391,232
Depreciation	36,422	27,385	173,522	297	9,801	247,427	19,759	17,289	284,475
Totals	\$ 1,004,449	\$ 890,349	\$ 989,912	\$ 34,786	\$ 233,042	\$ 3,152,538	\$ 156,701	\$ 366,468	\$ 3,675,707

## WICHITA FALLS FAITH MISSION, INC.

### SCHEDULE OF FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2022

<b>Program Services</b>									
	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
<b>Totals</b>	<b>\$ 995,027</b>	<b>\$ 662,710</b>	<b>\$ 833,114</b>	<b>\$ 26,627</b>	<b>\$ 207,670</b>	<b>\$ 2,725,148</b>	<b>\$ 161,204</b>	<b>\$ 253,757</b>	<b>\$ 3,140,109</b>