

**WICHITA FALLS FAITH MISSION, INC.**

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

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**



**WICHITA FALLS FAITH MISSION, INC.**  
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**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, 2024 and 2023, 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, 2024 and 2023, 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 11, 2025

# WICHITA FALLS FAITH MISSION, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,498,964	\$ 1,140,600
Certificates of deposit	-	529,499
Accounts receivable	3,926	7,615
Current portion of long-term notes receivable	-	6,371
Inventory	139,454	111,004
Prepaid expenses and other	24,639	14,808
Total current assets	<u>1,666,983</u>	<u>1,809,897</u>
Property and equipment, net	5,079,563	4,906,705
Operating right-of-use asset, net	<u>1,185,853</u>	<u>-</u>
Total assets	<u><u>\$ 7,932,399</u></u>	<u><u>\$ 6,716,602</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 38,989	\$ 64,028
Current portion of notes payable	3,248	3,402
Current portion of lease liability payable	53,127	-
Other accrued liabilities	90,541	55,020
Total current liabilities	<u>185,905</u>	<u>122,450</u>
Noncurrent liabilities:		
Notes payable, less current portion	5,715	8,809
Operating lease liability, less current portion	<u>1,150,004</u>	<u>-</u>
Total noncurrent liabilities	<u>1,155,719</u>	<u>8,809</u>
Total liabilities	<u>1,341,624</u>	<u>131,259</u>
Net assets:		
Without donor restrictions	6,389,617	6,431,435
With donor restrictions	<u>201,158</u>	<u>153,908</u>
Total net assets	<u>6,590,775</u>	<u>6,585,343</u>
Total liabilities and net assets	<u><u>\$ 7,932,399</u></u>	<u><u>\$ 6,716,602</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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 1,763,350	\$ 62,925	\$ 1,826,275
Donations in kind	1,926,823	-	1,926,823
Special events	200,609	-	200,609
Interest income	45,568	-	45,568
Oil and gas royalties	911	-	911
Rent from transitional housing	19,834	-	19,834
Miscellaneous revenue	698	-	698
Sales	1,720,437	-	1,720,437
Less: cost of sales	(1,613,943)	-	(1,613,943)
Gain on disposal of asset	1,950	-	1,950
Net assets released from restrictions	15,675	(15,675)	-
	4,081,912	47,250	4,129,162
Total revenues and support			
Expenses:			
Program services	3,537,792	-	3,537,792
Administrative	181,101	-	181,101
Fundraising	404,837	-	404,837
	4,123,730	-	4,123,730
Total expenses			
Change in net assets	(41,818)	47,250	5,432
Net assets at beginning of year	6,431,435	153,908	6,585,343
Net assets at end of year	\$ 6,389,617	\$ 201,158	\$ 6,590,775

*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 in kind	(1,318,590)	-	(1,318,590)
Gain on disposal of assets	5,872	-	5,872
Net assets released from restrictions	49,883	(49,883)	-
Total revenues and support	3,921,648	(6,041)	3,915,607
Expenses:			
Program services	3,152,538	-	3,152,538
Administrative	156,701	-	156,701
Fundraising	366,468	-	366,468
Total expenses	3,675,707	-	3,675,707
Change in net assets	245,941	(6,041)	239,900
Net assets at beginning of year, as reported	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 FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Administrative	Fundraising	Total
Salaries	\$ 1,685,781	\$ 90,193	\$ 110,885	\$ 1,886,859
Employee benefits	77,857	8,095	20,077	106,029
Payroll taxes	138,091	7,836	10,008	155,935
Total payroll and related expenses	1,901,729	106,124	140,970	2,148,823
Auto and truck	71,324	-	-	71,324
Christmas gift	3,318	-	384	3,702
Contract labor	14,576	-	-	14,576
Food	352,262	-	-	352,262
Insurance	125,733	6,303	5,844	137,880
Kitchen supplies	28,625	-	-	28,625
Membership dues and fees	6,793	-	630	7,423
Office and miscellaneous	200,326	6,334	50,727	257,387
Postage and printing	445	476	2,618	3,539
Professional fees	128	15,000	-	15,128
Program gift	54,593	-	-	54,593
Promotional	3,047	-	140,411	143,458
Rentals	16,109	-	-	16,109
Repair and maintenance	167,439	13,509	11,821	192,769
Specific assistance	5,601	-	-	5,601
Special events	-	-	22,512	22,512
Store lease	52,795	-	-	52,795
Supplies	6,719	-	-	6,719
Training and travel	570	327	20	917
Utilities	244,412	11,960	10,465	266,837
Total expenses before depreciation	3,256,544	160,033	386,402	3,802,979
Depreciation	281,248	21,068	18,435	320,751
Totals	<u>\$ 3,537,792</u>	<u>\$ 181,101</u>	<u>\$ 404,837</u>	<u>\$ 4,123,730</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, 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
Contract labor	-	-	-	-
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.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 5,432	\$ 239,900
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	320,751	284,475
Operating lease amortization - right-of-use asset	33,116	-
(Gain) loss on disposal of assets	(1,950)	(5,872)
(Increase) decrease in assets:		
Receivables	3,689	(3,780)
Inventory	(28,450)	(16,615)
Prepaid expenses	(9,831)	10,832
Increase (decrease) in liabilities:		
Accounts payable	(25,039)	3,443
Other accrued liabilities	35,521	(3,973)
Net cash provided by operating activities	333,239	508,410
Cash flows from investing activities:		
Purchase of property and equipment	(513,949)	(767,761)
Proceeds from sale of property and equipment	22,290	5,872
Purchase of investments	529,499	(59,431)
Collections on (additions to) note receivable	6,371	(1,930)
Net cash provided (used) by investing activities	44,211	(823,250)
Cash flows from financing activities:		
Payments on notes payable	(3,094)	(2,015)
Payments on lease liability	(15,838)	8,223
Net cash provided (used) by investing activities	(18,932)	6,208
Net increase (decrease) in cash and cash equivalents	358,518	(308,632)
Cash and cash equivalents at beginning of year	1,140,600	1,449,232
Cash and cash equivalents at end of year	\$ 1,499,118	\$ 1,140,600
Schedule of noncash investing and financing activities:		
Right-of-use asset aquired through execution of an operating lease	\$ 1,203,131	\$ -

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

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 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, 2024 AND 2023

### 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, 2024 AND 2023

### 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 \$25,222 as of June 30, 2024 and 2023, respectively.

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D) JUNE 30, 2024 AND 2023

### 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, 2024 and 2023, advertising costs totaled \$143,458 and \$166,774, 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 \$1.92 per pound for 2024 and 2023, respectively, is recognized in the financial statements as contribution revenue and program expense. The Mission received \$193,431 and \$146,279 in donated food for the years ended June 30, 2024 and 2023, respectively. The Refuge received \$22,546 and \$100,928 in donated food for the years ended June 30, 2024 and 2023. 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 \$1,642,393 and \$1,335,513 in donated goods for the years ended June 30, 2024 and 2023, 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. Upon initial adoption, the Mission did not have any leases that met the reporting requirements, and as such, there was no impact on the financial statements in the prior year. However, during the current year, the Mission entered into an operating lease agreement that met the criteria for lease recognition. As a result, the Mission has recognized right-of-use assets and lease liabilities as of March 1, 2024. These leases are classified as operating leases, and the related lease liability is recorded at the present value of future lease payments, with corresponding

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2024 AND 2023

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

#### Recent Accounting Pronouncements (Cont'd.)

right-of-use assets recognized on the balance sheet. Additional details regarding the terms and amounts of the leases are provided in Note 5 in the notes to the financial statements.

#### Date of Management's Evaluation

Management has evaluated subsequent events through February 11, 2025, 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,498,964	\$ 1,140,600
Certificates of deposit	-	529,499
Accounts receivable	3,926	7,615
Current portion of long-term notes receivable	-	6,371
	<u>\$ 1,502,890</u>	<u>\$ 1,684,085</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, 2024 and 2023, the Mission's cash accounts exceeded the FDIC insurance threshold by \$594,255 and \$355,545, 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, 2024 and 2023 are summarized as follows:

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2024 AND 2023

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

	2024	2023
Property and equipment not being depreciated:		
Land	\$ 290,908	\$ 290,908
Property and equipment being depreciated:		
Building and improvements	7,534,583	7,063,947
Furniture and fixtures	723,164	773,653
Vehicles and equipment	402,995	411,815
Total property and equipment being depreciated	8,660,742	8,249,415
Less accumulated depreciation	(3,872,087)	(3,633,618)
Total property and equipment being depreciated, net	4,788,655	4,615,797
 Total property and equipment, net	 \$ 5,079,563	 \$ 4,906,705

Depreciation expense was \$320,751 and \$284,475 for 2024 and 2023, respectively.

### Note 5 - LEASE AGREEMENTS

The Mission has entered into a 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 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. The renovations to the building were completed and the lease term commenced as of March 1, 2024. As such, a total of \$1,218,969 in operating right-of-use assets and \$1,218,969 in operating lease liabilities were recognized on the statement of financial position as of March 1, 2024. The agreement stipulates a monthly lease payment of \$8,879 for the first year and an annual increase to the monthly lease payment for each successive year that is limited to \$1 per square foot, or \$11,519 annually. Operating lease expense and amortization expense under ASC Topic 842 were \$19,679 and \$33,116, respectively for the year ended June 30, 2024.

The operating lease right-of-use asset and lease liability for the year ended June 30, 2024, are as follows:

	2024
Right-of-use asset:	
Operating lease	\$ 1,218,969
Less: accumulated amort.	(33,116)
Total right-of-use asset	\$ 1,185,853
 Lease liability:	
Operating lease	\$ 1,203,131
Total lease liability	\$ 1,203,131

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2024 AND 2023

### Note 5 - LEASE AGREEMENTS (CONT'D.)

Future undiscounted lease commitments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2025	\$ 53,127
2026	67,611
2027	82,819
2028	98,660
2029	115,548
Thereafter	<u>785,366</u>
Total	<u>\$ 1,203,131</u>

### Note 6 - 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, 2024, as follows:

<u>Year ending June 30,</u>	
2025	\$ 3,248
2026	3,837
2027	1,645
2028	<u>1,233</u>
Total	<u>\$ 8,963</u>

The carrying value of the equipment purchased through the note agreement is \$10,326 at June 30, 2024.

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2024 AND 2023

### Note 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specific purpose:		
Medical and dental care – for clients	\$ 23,771	\$ 18,452
Transitional support	107,640	110,981
Client supplies and gifts	8,942	6,175
Capital projects	42,700	18,300
Women’s scholarship fund	18,105	-
	<u>          </u>	<u>          </u>
Total	<u>\$ 201,158</u>	<u>\$ 153,908</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, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Medical and dental care – for clients	\$ 4,681	\$ 36,286
Transitional Support	3,662	-
Client supplies and gifts	2,332	7,597
Capital projects	-	6,000
Women’s scholarship fund	5,000	-
	<u>          </u>	<u>          </u>
Total	<u>\$ 15,675</u>	<u>\$ 49,883</u>

### Note 9 - FAITH RESALE SALES

Sales for Faith Resale were \$1,685,056 and \$1,388,717 for the years ended June 30, 2024 and 2023, 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.

# WICHITA FALLS FAITH MISSION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONT'D.) JUNE 30, 2024 AND 2023

### 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 \$27,020 and \$19,399 for 2024 and 2023, respectively.

### Note 13 – CONTINGENCIES

#### 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 has not been received as of the date of issuance of these financial statements. The Mission intends to use the grant funds for the addition of new rooms at the Faith Refuge shelter.

### Note 14 – SUBSEQUENT EVENTS

#### Capital Donation

In October 2024, the Mission received a donation for \$1,000,000, to be used for the expansion of the Faith Refuge shelter. This donation will supplement the Home-ARP grant that was awarded in 2023 to fund the project, as discussed in Note 13.

## **SUPPLEMENTAL SCHEDULES**

## WICHITA FALLS FAITH MISSION, INC.

### SCHEDULE OF ACTIVITIES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions					Total
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	
Revenues and support:						
Contributions	\$ 1,475,965	\$ 26,638	\$ 259,648	\$ -	\$ 1,100	\$ 1,763,350
Donations in kind	242,037	1,642,393	42,392	-	-	1,926,823
Special events	83,359	-	117,250	-	-	200,609
Interest income	45,568	-	-	-	-	45,568
Oil and gas royalties	911	-	-	-	-	911
Rent from transitional housing	15,350	-	4,484	-	-	19,834
Miscellaneous revenue	-	402	-	-	296	698
Sales	-	1,685,056	-	-	35,381	1,720,437
Less: cost of sales in kind	-	(1,613,943)	-	-	-	(1,613,943)
Gain (loss) on the disposal of assets	1,950	-	-	-	-	1,950
Net assets released from restrictions	1,729	-	13,946	-	-	15,675
	1,866,869	1,740,546	437,720	-	36,777	4,081,912
Total revenues and support						
Expenses:						
Program services	1,224,468	1,273,430	982,124	14,286	43,484	3,537,792
Administrative	84,904	-	96,197	-	-	181,101
Fundraising	197,478	-	207,359	-	-	404,837
	1,506,850	1,273,430	1,285,680	14,286	43,484	4,123,730
Total expenses						
Change in net assets	\$ 360,019	\$ 467,116	\$ (847,960)	\$ (14,286)	\$ (6,707)	\$ (41,818)

With Donor Restrictons

Faith Mission	Faith Refuge	Total	Total
\$ 26,200	\$ 36,725	\$ 62,925	\$ 1,826,275
-	-	-	1,926,823
-	-	-	200,609
-	-	-	45,568
-	-	-	911
-	-	-	19,834
-	-	-	698
-	-	-	1,720,437
-	-	-	(1,613,943)
-	-	-	1,950
(1,729)	(13,946)	(15,675)	-
<u>24,471</u>	<u>22,779</u>	<u>47,250</u>	<u>4,129,162</u>
-	-	-	3,537,792
-	-	-	181,101
<u>-</u>	<u>-</u>	<u>-</u>	<u>404,837</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,123,730</u>
<u>\$ 24,471</u>	<u>\$ 22,779</u>	<u>\$ 47,250</u>	<u>\$ 5,432</u>

## 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 on the disposal of assets	5,872	-	-	-	-	5,872
Net assets released from restrictions	17,264	-	32,619	-	-	49,883
<b>Total revenues and support</b>	<b>1,735,277</b>	<b>1,407,835</b>	<b>518,602</b>	<b>-</b>	<b>259,934</b>	<b>3,921,648</b>
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
<b>Total expenses</b>	<b>1,257,459</b>	<b>890,349</b>	<b>1,260,071</b>	<b>34,786</b>	<b>233,042</b>	<b>3,675,707</b>
Change in net assets	<b>\$ 477,818</b>	<b>\$ 517,486</b>	<b>\$ (741,469)</b>	<b>\$ (34,786)</b>	<b>\$ 26,892</b>	<b>\$ 245,941</b>

With Donor Restrictions

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
<u>(17,264)</u>	<u>(32,619)</u>	<u>(49,883)</u>	<u>-</u>
<u>1,536</u>	<u>(7,577)</u>	<u>(6,041)</u>	<u>3,915,607</u>
-	-	-	3,152,538
-	-	-	156,701
<u>-</u>	<u>-</u>	<u>-</u>	<u>366,468</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,675,707</u>
<u>\$ 1,536</u>	<u>\$ (7,577)</u>	<u>\$ (6,041)</u>	<u>\$ 239,900</u>

## WICHITA FALLS FAITH MISSION, INC.

### SCHEDULE OF FUNCTIONAL EXPENSES BY COST CENTER FOR THE YEAR ENDED JUNE 30, 2024

	Program Services								
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	Total	Administrative	Fundraising	Total
Salaries	\$ 514,754	\$ 729,551	\$ 417,484	\$ 10,740	\$ 13,252	\$ 1,685,781	\$ 90,193	\$ 110,885	\$ 1,886,859
Employee benefits	32,714	20,262	24,511	-	370	77,857	8,095	20,077	106,029
Payroll taxes	39,608	61,292	34,927	803	1,461	138,091	7,836	10,008	155,935
Total payroll and related expenses	587,076	811,105	476,922	11,543	15,083	1,901,729	106,124	140,970	2,148,823
Auto and truck	25,917	21,266	16,099	-	8,042	71,324	-	-	71,324
Christmas gift	2,184	706	428	-	-	3,318	-	384	3,702
Contract labor	-	63	14,513	-	-	14,576	-	-	14,576
Food	285,180	-	67,082	-	-	352,262	-	-	352,262
Insurance	31,638	61,505	30,808	411	1,371	125,733	6,303	5,844	137,880
Kitchen supplies	19,487	-	9,138	-	-	28,625	-	-	28,625
Membership dues and fees	6,380	50	363	-	-	6,793	-	630	7,423
Office and miscellaneous	46,505	117,864	32,982	188	2,787	200,326	6,334	50,727	257,387
Postage and printing	340	-	105	-	-	445	476	2,618	3,539
Professional fees	128	-	-	-	-	128	15,000	-	15,128
Program gift	28,796	-	23,937	1,860	-	54,593	-	-	54,593
Promotional	-	2,219	-	-	828	3,047	-	140,411	143,458
Rentals	-	14,689	-	-	1,420	16,109	-	-	16,109
Repair and maintenance	66,770	19,278	76,770	-	4,621	167,439	13,509	11,821	192,769
Specific assistance	3,517	-	2,084	-	-	5,601	-	-	5,601
Special events	-	-	-	-	-	-	-	22,512	22,512
Building lease	-	52,795	-	-	-	52,795	-	-	52,795
Supplies	-	-	-	-	6,719	6,719	-	-	6,719
Training and travel	498	50	22	-	-	570	327	20	917
Utilities	74,800	117,055	52,279	-	278	244,412	11,960	10,465	266,837
Total expenses before depreciation	1,179,216	1,218,645	803,532	14,002	41,149	3,256,544	160,033	386,402	3,802,979
Depreciation	45,252	54,785	178,592	284	2,335	281,248	21,068	18,435	320,751
Totals	\$ 1,224,468	\$ 1,273,430	\$ 982,124	\$ 14,286	\$ 43,484	\$ 3,537,792	\$ 181,101	\$ 404,837	\$ 4,123,730

## WICHITA FALLS FAITH MISSION, INC.

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

	Program Services						Administrative	Fundraising	Total
	Faith Mission	Faith Resale	Faith Refuge	Academy	Faith Enterprises	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	<u>475,274</u>	<u>609,592</u>	<u>460,212</u>	<u>29,861</u>	<u>102,897</u>	<u>1,677,836</u>	<u>84,334</u>	<u>130,630</u>	<u>1,892,800</u>
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	<u>968,027</u>	<u>862,964</u>	<u>816,390</u>	<u>34,489</u>	<u>223,241</u>	<u>2,905,111</u>	<u>136,942</u>	<u>349,179</u>	<u>3,391,232</u>
Depreciation	36,422	27,385	173,522	297	9,801	247,427	19,759	17,289	284,475
Totals	<u>\$ 1,004,449</u>	<u>\$ 890,349</u>	<u>\$ 989,912</u>	<u>\$ 34,786</u>	<u>\$ 233,042</u>	<u>\$ 3,152,538</u>	<u>\$ 156,701</u>	<u>\$ 366,468</u>	<u>\$ 3,675,707</u>