

Interfaith Charities of South Lee, Inc.

Financial Statements

Year Ended December 31, 2023

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INTEGRITY KNOWLEDGE SERVICE COMMITMENT®

Independent Auditor's Report

To the Board of Directors
Interfaith Charities of South Lee, Inc.
Fort Myers, Florida

Opinion

We have audited the accompanying financial statements of Interfaith Charities of South Lee, Inc. (the "Organization") (a non-profit corporation), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Charities of South Lee, Inc. as of December 31, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Interfaith Charities of South Lee, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Interfaith Charities of South Lee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Affiliations

American Institute of Certified Public Accountants ♦ Florida Institute of Certified Public Accountants

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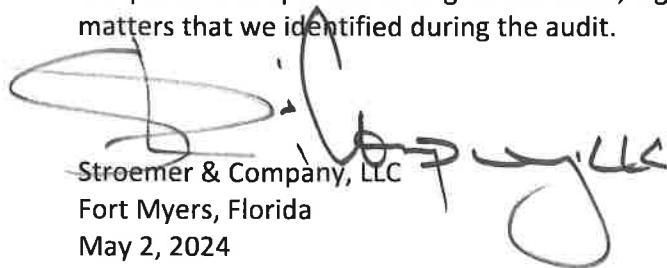
Auditor's Responsibilities for the Audit of the Financial Statements

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, including omissions, 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 Interfaith Charities of South Lee, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Charities of South Lee, 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.



Stroemer & Company, LLC
Fort Myers, Florida
May 2, 2024

Interfaith Charities of South Lee, Inc.
Statement of Financial Position
December 31, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 53,823
Investments	367,211
Grant receivable	11,783
Prepaid expenses	120,818
Total current assets	553,635
Property and equipment, net	319,066
Deposits	10,150
Total assets	\$ 882,851

Liabilities and net assets

Current Liabilities

Accounts payable	\$ 17,618
Accrued liabilities	636
Deferred revenue	7,500
Total current liabilities	25,754

Net assets

Net assets without donor restrictions	787,332
Net assets with donor restrictions	69,765
Total net assets	857,097
Total liabilities and net assets	\$ 882,851

The accompanying notes are an integral part of this statement.

Interfaith Charities of South Lee, Inc.
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
In-kind donated food	\$ 2,000,000	\$ -	\$ 2,000,000
In-Kind volunteer services	600,000	-	600,000
Contributions	269,880	135,000	404,880
Special event revenue - net of cost of direct donor benefit	103,675	-	103,675
Interest income	12,446	-	12,446
Other Income	1,785	-	1,785
Total support and revenue	<u>2,987,786</u>	<u>135,000</u>	<u>3,122,786</u>
Net assets released from restrictions			
Satisfaction of program restrictions	280,235	(280,235)	-
Total support, revenue and other changes	<u>3,268,021</u>	<u>(145,235)</u>	<u>3,122,786</u>
Expenses			
Program services	3,175,157	-	3,175,157
Management and general	63,008	-	63,008
Fundraising	8,747	-	8,747
Total expenses	<u>3,246,912</u>	<u>-</u>	<u>3,246,912</u>
Change in net assets	21,109	(145,235)	(124,126)
Net assets, beginning of year	766,223	215,000	981,223
Net assets, end of year	<u>\$ 787,332</u>	<u>\$ 69,765</u>	<u>\$ 857,097</u>

The accompanying notes are an integral part of this statement.

Interfaith Charities of South Lee, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	<u>Support Services</u>			<u>Total</u>
	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	
Personnel Costs and Related Expenses				
Salaries and benefits	\$ 152,426	\$ 13,857	\$ 6,928	\$ 173,211
Payroll taxes and insurance	10,758	978	489	12,225
Total personnel costs and related expenses	<u>163,184</u>	<u>14,835</u>	<u>7,417</u>	<u>185,436</u>
Operating Expenses				
Other expenses	194,870	-	-	194,870
Occupancy expenses	36,505	9,126	-	45,631
Miscellaneous expenses	-	21,952	-	21,952
Non-personnel expenses	16,866	4,216	-	21,082
Professional services	-	5,801	-	5,801
Fundraising events	-	-	1,330	1,330
Business expenses	-	2,451	-	2,451
Travel and meetings	-	792	-	792
Outreach programs:				
In-kind donated food	2,000,000	-	-	2,000,000
In-kind volunteer services	600,000	-	-	600,000
Electric bills paid for clients	46,863	-	-	46,863
Purchased food	39,874	-	-	39,874
Mortgage and rent paid for clients	22,486	-	-	22,486
Travel and vehicle	10,314	-	-	10,314
Back to school backpacks	9,169	-	-	9,169
Personal care/ cleaning	7,473	-	-	7,473
Children's library	4,702	-	-	4,702
Blessing in a backpack	3,459	-	-	3,459
Water bills paid for clients	1,405	-	-	1,405
Hurricane expenses	1,365	-	-	1,365
Mail carrier day	1,184	-	-	1,184
Classes and activities	100	-	-	100
Total operating expenses	<u>2,996,635</u>	<u>44,338</u>	<u>1,330</u>	<u>3,042,303</u>
Depreciation	15,338	3,835	-	19,173
Total expenses	<u>\$ 3,175,157</u>	<u>\$ 63,008</u>	<u>\$ 8,747</u>	<u>\$ 3,246,912</u>

The accompanying notes are an integral part of this statement.

Interfaith Charities of South Lee, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities:	
Cash received from contributions	\$ 529,097
Cash received from special events	103,675
Interest received	12,446
Cash received from other income	1,785
Cash paid to vendors	(554,443)
Net cash provided by operating activities	<u>92,560</u>
Cash flows from investing activities:	
Payments to acquire property and equipment	(25,485)
Purchase of investments	(367,211)
Net cash used in investing activities	<u>(392,696)</u>
Net change in cash and cash equivalents	(300,136)
Cash as of January 1, 2023	353,959
Cash as of December 31, 2023	<u><u>\$ 53,823</u></u>
 Reconciliation of change in net assets to net cash provided by operating activities	
Change in net assets	\$ (124,126)
Adjustments:	
Depreciation	19,173
(Increase)/decrease in assets:	
Grant receivable	124,217
Prepaid expenses	56,807
Increase/(decrease) in liabilities:	
Accounts payable	8,618
Accrued liabilities	371
Deferred revenue	7,500
Net cash provided by operating activities	<u><u>\$ 92,560</u></u>
 Supplemental disclosure of non cash operating activities	
In-kind contribution of goods and services received	<u><u>\$ 2,600,000</u></u>
In-kind contribution of goods and services expensed	<u><u>\$ (2,600,000)</u></u>

The accompanying notes are an integral part of this statement.

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note A - Summary of Significant Accounting Policies

1. Description of activities

Interfaith Charities of South Lee, Inc. (the "Organization") is a nonprofit corporation located in Lee County, Florida established to provide food, rent and utilities assistance, free tax preparation, and other outreach programs to people in need regardless of race, ethnicity, age, gender, religion, disability or economic status.

2. Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

3. Financial statement presentation

The Organization prepares its financial statements in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

4. Concentration of credit risk

The Organization maintains its cash accounts at various financial institutions in deposit accounts, which at times may exceed federally-insured limits. The Organization has not experienced any economic losses on such account balances and believes it is not exposed to any significant credit risk on its cash and cash equivalent balances.

5. Statement of cash flows

For purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Investments

The Organization accounts for investments in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain and loss on investments is reflected in the statement of activities.

7. Property and equipment

Property and equipment are recorded at cost, or if donated, at fair market value on the date of donation. Donated assets (when applicable) are recorded as support without donor restrictions

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note A - Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on the disposal is recorded in the statement of activities.

8. Impairment of long-lived assets

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the year ended December 31, 2023.

9. Fair value of financial instruments

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents and payables. The Organization estimates that the fair value of all financial instruments as of December 31, 2023 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

10. Deferred revenue

Contributions and receipts made in advance for special events to be held in the future are classified as deferred revenue on the accompanying statement of financial position until which time the events occur. Once the events occur, the amounts are then reclassified to contributions on the statement of activities.

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note A - Summary of Significant Accounting Policies (continued)

11. Donated goods and services

The Organization has reported donated goods and services in the financial statements. The Organization has established an objective basis to measure the value of such goods and services. The type of donated items include food, volunteer time, equipment and supplies. However, the Board of Directors has donated significant amounts of their time and expertise to the Organization which is not reflected on the financial statements. Total donations of goods and services for the year ended December 31, 2023 were \$2,600,000.

12. Contributions

In accordance with the "Not-For-Profit Entities" topic of the FASB ASC, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Under this topic, donor restricted contributions are required to be reported as net assets with donor restrictions.

13. Support and revenues

The Organization receives its support primarily from the community, local not-for-profits, and grantor agencies. Revenues are recorded as support when pledged if the contribution is unconditional and without any donor contingencies.

14. Recognition of donor restrictions

Support that is restricted by the donor is reported as increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with restrictions. When a restriction expires, or when the purpose restriction is met, net assets with restrictions are reclassified to net assets without restrictions.

15. Revenue recognition

Revenue from Exchange Transactions:

The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization recorded the following exchange transaction revenue in its statement of activities for the year ended December 31, 2023:

Special Event Revenue

The Organization conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event - the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note A - Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

measured at cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the statement of activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires the Organization allocate the transaction price to the performance obligations. As such, the Organization presents in the notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after the delivery of the event. For special event fees received before year-end for an event that will occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as deferred revenue along with the exchange component.

Revenue from Non-Exchange Transactions:

The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization recorded the following non-exchange transaction revenue in its statement of activities for the year ended December 31, 2023:

Contributions

Revenue from contributions is recognized at the time the support or contribution is made.

Grant Revenue

Revenue from grants is recognized pro-ratably over the contract period as reimbursements are requested and barriers are met.

16. Functional expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated by various statistical basis.

17. Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note A - Summary of Significant Accounting Policies (continued)

Income taxes (continued)

final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization adopted this guidance. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

18. Management 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 the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B - Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$	53,823
Investments		367,211
Grant receivable		11,783
Less: amounts restricted for future use		(69,765)
Financial assets available to meet cash needs for general expenditures within one year		\$ 363,052

The Organization manages its financial assets in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This topic requires that the Organization maintains sufficient resources to meet the responsibilities of its donors. Therefore financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note C - Investments

Investments at fair market value consisted of the following at December 31, 2023:

Mutual funds	<u><u>\$ 367,211</u></u>
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Note D - Grant Receivable

Grant receivable consisted of the following at December 31, 2023:

American rescue plan act (ARPA) grant	<u><u>\$ 11,783</u></u>
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Note E - Property and Equipment

Property and equipment consisted of the following as of December 31, 2023:

Land and improvements	\$ 232,317
Building and building improvements	166,292
Office equipment	43,445
Cargo van	34,359
Leasehold improvements	11,514
Accumulated depreciation	(168,861)
	<u><u>\$ 319,066</u></u>

Depreciation expense for the year ended December 31, 2023 was \$19,173.

Note F - Deferred Revenue

Balance at beginning of year	\$ -
Revenue recognized	-
Payments received for future performance obligations	7,500
Balance at end of year	<u><u>\$ 7,500</u></u>

Note G - Net Assets

Net assets consisted of the following as of December 31, 2023:

Without donor restrictions:	
Undesignated - operations	<u><u>\$ 787,332</u></u>
With donor restrictions:	<u><u>\$ 69,765</u></u>

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note H - Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions for the year ended December 31, 2023 were:

Expenditure for specific purpose and time accomplished:

Contributions and grants	<u><u>\$ 280,235</u></u>
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Note I - Special Event Revenue

Gross receipts from special events recorded by the Organization consists of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization is required to separately present the components of this revenue.

Net special event revenue for the year ended December 31, 2023 consisted of:

Contributions	\$ 113,085
Less: cost of direct donor benefit	(9,410)
Special event revenue - net	<u><u>\$ 103,675</u></u>

Note J - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follow:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- *Quoted prices for similar assets or liabilities in active markets.
- *Quoted prices for identical or similar assets or liabilities in inactive markets.
- *Inputs other than quoted prices that are observable for the assets or liability.
- *Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation

Interfaith Charities of South Lee, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note J - Fair Value Measurements (continued)

techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023. The Organization had no financial liabilities as of December 31, 2023.

	Assets at Fair Value as of December 31, 2023			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds	\$ 367,211	\$ -	\$ -	\$ 367,211

Note K - Economic Dependence

A substantial part of the Organization's revenue and support is dependent upon the receipt of support from not-for-profit agencies, churches and the community. Loss of these funds and/or a large decrease in these funds would have a negative impact on the Organization and overall operations. For the year ended December 31, 2023, approximately 100% of total revenue and support is attributable to these funds.

Note L - Subsequent Events

Management has assessed subsequent events through May 2, 2024, the date on which the financial statements were available to be issued.