

TRACY INTERFAITH MINISTRIES  
(A CALIFORNIA NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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## INDEPENDENT AUDITORS' REPORT



Board of Directors  
Tracy Interfaith Ministries  
(A California Nonprofit Corporation)  
Tracy, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Tracy Interfaith Ministries (A California nonprofit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

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## Opinion

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

*Schwartz, Giannini, Lantberger & Adamson*

Stockton, California  
October 22, 2021

TRACY INTERFAITH MINISTRIES  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2021 AND 2020

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 680,556	\$ 615,486
Inventory	32,662	23,353
Prepaid insurance	759	2,219
Total current assets	713,977	641,058
Property and equipment, net of accumulated depreciation (Note 4)	1,207,858	1,257,435
Total assets	1,921,835	1,898,493
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	11,803	6,445
Total current liabilities	11,803	6,445
Net assets		
Without donor restrictions	1,910,032	1,862,048
With donor restrictions (Note 7)	-	30,000
Total net assets	1,910,032	1,892,048
Total liabilities and net assets	\$ 1,921,835	\$ 1,898,493

See Notes to Financial Statements.

TRACY INTERFAITH MINISTRIES  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>PUBLIC SUPPORT AND REVENUE</b>		
Contributions	\$ 172,547	\$ 152,180
Contributions - In-kind (Note 6)	166,063	498,257
Churches, memorials, lab	31,863	180,007
Block grants	-	30,000
Other grants	84,090	35,372
Fundraising - annual dinner	30,689	10,390
Fundraising - Christmas mailer	77,640	54,225
Other income	4,238	4,241
Investment income	710	1,392
	567,840	966,064
Net assets released from restriction	30,000	-
Total public support and revenue	597,840	966,064
<b>EXPENSES</b>		
Program services	477,974	778,288
Supporting services		
Management and general	67,634	85,091
Fundraising	4,248	3,383
Total supporting expenses	71,882	88,474
Total expenses	549,856	866,762
Change in net assets without donor restrictions	47,984	99,302
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Grants and contributions	-	30,000
Net assets released from restriction	(30,000)	-
Change in net assets with donor restrictions	(30,000)	30,000
<b>CHANGE IN NET ASSETS</b>	17,984	129,302
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,892,048	1,762,746
<b>NET ASSETS AT END OF YEAR</b>	\$ 1,910,032	\$ 1,892,048

See Notes to Financial Statements.

TRACY INTERFAITH MINISTRIES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021

	Program Services		Supporting Services			Total
	Emergency Assistance	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Baby expenses	\$ 2,424	\$ 2,424	\$ -	\$ -	\$ -	\$ 2,424
Client services and repackaging	70,171	70,171	-	-	-	70,171
Food purchases	98,622	98,622	-	-	-	98,622
In-kind food and clothing	130,063	130,063	-	-	-	130,063
In-kind lease (Note 6)	36,001	36,001	-	-	-	36,001
Families at Risk - rent and supplies	52,688	52,688	-	-	-	52,688
Utilities	17,384	17,384	-	-	-	17,384
Maintenance	23,947	23,947	13,260	-	13,260	37,207
Insurance	-	-	10,564	-	10,564	10,564
Janitorial	-	-	6,720	-	6,720	6,720
Legal and accounting	-	-	6,000	-	6,000	6,000
Security	-	-	19,654	-	19,654	19,654
Office expense	-	-	8,533	1,220	9,753	9,753
Annual dinner	-	-	-	3,028	3,028	3,028
Total expenses before depreciation	431,300	431,300	64,731	4,248	68,979	500,279
Depreciation	46,674	46,674	2,903	-	2,903	49,577
Total expenses	<u>\$ 477,974</u>	<u>\$ 477,974</u>	<u>\$ 67,634</u>	<u>\$ 4,248</u>	<u>\$ 71,882</u>	<u>\$ 549,856</u>

See Notes to Financial Statements.

TRACY INTERFAITH MINISTRIES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020

	Program Services		Supporting Services			Total
	Emergency Assistance	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Baby expenses	\$ 7,423	\$ 7,423	\$ -	\$ -	\$ -	\$ 7,423
Client services and repackaging	41,328	41,328	-	-	-	41,328
Food purchases	118,091	118,091	-	-	-	118,091
In-kind food and clothing	462,257	462,257	-	-	-	462,257
In-kind lease (Note 5)	36,001	36,001	-	-	-	36,001
Families at Risk - rent and supplies	32,522	32,522	-	-	-	32,522
Utilities	17,551	17,551	-	-	-	17,551
Maintenance	16,441	16,441	29,520	-	29,520	45,961
Insurance	-	-	10,025	-	10,025	10,025
Janitorial	-	-	10,990	-	10,990	10,990
Legal and accounting	-	-	6,000	-	6,000	6,000
Security	-	-	11,325	-	11,325	11,325
Office expense	-	-	8,192	1,753	9,945	9,945
Annual dinner	-	-	-	1,630	1,630	1,630
Total expenses before depreciation	731,614	731,614	76,052	3,383	79,435	811,049
Depreciation	46,674	46,674	9,039	-	9,039	55,713
Total expenses	<u>\$ 778,288</u>	<u>\$ 778,288</u>	<u>\$ 85,091</u>	<u>\$ 3,383</u>	<u>\$ 88,474</u>	<u>\$ 866,762</u>

See Notes to Financial Statements.



TRACY INTERFAITH MINISTRIES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 17,984	\$ 129,302
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	49,577	55,713
Changes in operating assets and liabilities:		
(Increase) decrease in inventory	(9,309)	21,658
Decrease in prepaid insurance	1,460	2,430
Increase (decrease) in accounts payable	5,358	(4,310)
Net cash provided by operating activities	65,070	204,793
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(14,521)
Net cash (used in) investing activities	-	(14,521)
Net increase in cash	65,070	190,272
CASH AT BEGINNING OF YEAR	615,486	425,214
CASH AT END OF YEAR	\$ 680,556	\$ 615,486

See Notes to Financial Statements.

## TRACY INTERFAITH MINISTRIES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

#### NOTE 1. ORGANIZATION

##### Organization

Tracy Interfaith Ministries is a nonprofit, voluntary health and welfare agency exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was established on May 8, 1992, and incorporated on October 15, 2004. Tracy Interfaith Ministries provides for the underserved on an emergency basis by providing food and clothing for those in need, and provides referral services to appropriate agencies for emergency housing needs. An estimated 42,000 people are served each year. The Organization is located in Tracy, California.

##### Major Program and Activities

Tracy Interfaith Ministries major program is to provide assistance on an emergency basis to those in need. Activities include providing food, clothing, hygiene products, baby supplies, rent assistance, utility assistance, and referrals to appropriate agencies.

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Presentation

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

Net Assets Without Donor Restriction – 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 Tracy Interfaith Ministries' management and the board of directors.

Net Assets With Donor Restriction – 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 Tracy Interfaith Ministries 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.

At June 30, 2021 and 2020, there were \$0 and \$30,000 net assets with donor restrictions.

TRACY INTERFAITH MINISTRIES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Income tax

The Corporation has received favorable determination letters indicating it is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue code and California franchise taxes under Section 23701(e) of the California Revenue Taxation Code. The Corporation is classified as other than a private foundation.

The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT). The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

The federal annual information tax returns for the Corporation for 2018, 2019, and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. California annual information tax returns for 2017, 2018, 2019, and 2020 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity date of less than 90 days to be cash equivalents. At June 30, 2021 and 2020, cash consisted solely of cash on hand and cash in banks.

TRACY INTERFAITH MINISTRIES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are recorded at cost, if purchased, or fair market value, if donated. Acquisitions of property and equipment that exceed \$10,000 are capitalized. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and office equipment	5-7 years
Buildings and improvements	39 years

Donated services

The Organization's personnel consist solely of volunteers and therefore has no payroll outlay. The Organization received donated services from its officers, directors, and community volunteers which totals in excess of 15,000 person-hours for the years ended June 30, 2021 and 2020. Donations of services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people who have those skills, and would otherwise be purchased if not provided by donation. As the recognition criteria for donated services were not met, these volunteer efforts were not recognized as contributions in the financial statements for the years ended June 30, 2021 and 2020.

In-kind donations and disbursements of food are recorded as contributions and expenses at \$0.19 per pound. Donations and disbursements of supplies are recorded at thrift-shop value.

Functional expense allocation

The Organization allocates its expenses on a functional basis among its various programs, activities, and supporting services. Expenditures which can be identified with a specific program or support service are recorded directly, according to their natural expenditure classification. Costs that are common to more than one function are allocated among the program and supporting services based on estimates made by management.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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 report period. Actual results could differ from those estimates.

TRACY INTERFAITH MINISTRIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents Tracy Interfaith Ministries' financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and equivalents	\$ 680,556	\$ 615,486
Less: Donor restrictions	-	(30,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 680,556</u>	<u>\$ 585,486</u>

NOTE 4. PROPERTY AND EQUIPMENT

The following summarizes the property and equipment, and accumulated depreciation as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 14,521	\$ 14,521
Building and improvements	1,762,958	1,762,958
Less: accumulated depreciation	<u>(569,621)</u>	<u>(520,044)</u>
Total property and equipment	<u>\$ 1,207,858</u>	<u>\$ 1,257,435</u>

NOTE 5. LEASES

The Organization entered into a 55 year ground lease with the City of Tracy as of September 1, 2005. Upon completion of construction in 2008, the rental amount became \$1 per year for the remainder of the lease. The lease expires August 31, 2060. Management estimates the fair market value of the lease contribution at \$36,001 and \$36,001 for the years ended June 30, 2021 and 2020, which is included in In-kind revenue and expense on the statement of activities.

TRACY INTERFAITH MINISTRIES

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 6. IN-KIND CONTRIBUTIONS

The Organization recognizes contribution revenue and expense for donated food, revenue, and land rent received at the fair value of those donated items. In-kind contributions and expenses for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Food and clothing	\$ 130,062	\$ 462,256
Land lease	<u>36,001</u>	<u>36,001</u>
Total in-kind contributions	<u>\$ 166,063</u>	<u>\$ 498,257</u>

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2021 and 2020, the Organization had net assets with donor restrictions as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Client services	<u>\$ -</u>	<u>\$ 30,000</u>
	<u>\$ -</u>	<u>\$ 30,000</u>

NOTE 8. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through October 22, 2021, the date the financial statements were available to be issued.