Keegan Linscott & Associates, PC

Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

Interfaith Community Services

Audited Financial Statements as of and for the Years Ended
June 30, 2026 and 2025

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Keegan Linscott & Associates, PC

Independent Auditor's Report

To the Board of Directors
Interfaith Community Services
Tucson, Arizona

Report on the Audit of the Financial Statements

We have audited the financial statements of Interfaith Community Services (the Organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, expenses by function and nature, and cash flows for the years then ended, and the related notes to the financial statements.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2026 and 2025, and the results of its changes in 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 ("GAAS"). 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 the Organization 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 the Organization'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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.



Keegan Linscott & Associates, PC]
Tucson, Arizona
October 27, 2026

Interfaith Community Services
Statements of Financial Position
As of June 30,

	2026	2025
Assets		
Current assets		
Cash and cash equivalents	$ 1,694,435	$ 1,995,204
Investments	7,660,406	6,554,667
Government and foundation grants receivable	556,957	392,966
In-kind contribution receivable	9,840	9,840
Food box inventory	148,018	61,100
Prepaid expenses and other current assets	52,249	26,375
Total current assets	10,121,905	9,040,152
Beneficial interests in funds, held by others	69,790	61,823
In-kind contribution receivable, net of current portion	18,490	26,534
Property and equipment, net	2,254,807	2,233,757
Operating lease right of use asset	17,156	23,476
Total assets	$ 12,482,148	$ 11,385,742
Liabilities		
Current liabilities		
Accounts payable	$ 49,448	$ 58,836
Accrued payroll and related taxes	176,530	145,749
Deferred grant revenue	25,000	-
Operating lease liability, current portion	6,661	6,405
Total current liabilities	257,639	210,990
Operating lease liability, long term	10,495	17,156
Total liabilities	268,134	228,146
Net assets		
Without donor restrictions		
Undesignated:	1,990,273	1,916,371
Designated:		
Board-designated quasi-endowment	2,108,170	1,809,705
Expended for property and equipment	2,254,807	2,233,757
	6,353,250	5,959,833
With donor restrictions	5,860,764	5,197,763
Total net assets	12,214,014	11,157,596
Total liabilities and net assets	$ 12,482,148	$ 11,385,742

The accompanying notes are an integral part of the financial statements

Interfaith Community Services
Statements of Activities
For the years ended June 30,

	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Public Support						
Government grants	$ 1,355,379	$ -	$ 1,355,379	$ 1,235,300	$ -	$ 1,235,300
Foundation grants	564,278	352,960	917,238	443,075	483,018	926,093
General contributions	1,507,356	469,773	1,977,129	1,439,947	258,569	1,698,516
In-kind contributions	3,523,478	1,796	3,525,274	3,735,082	2,178	3,737,260
Congregational support	176,718	57,468	234,186	157,778	124,468	282,246
Bequests	1,014	-	1,014	264,836	-	264,836
Program income	29,134	-	29,134	44,487	-	44,487
Special events, net of $0 direct donor benefit costs	213,377	-	213,377	213,907	-	213,907
Investment income, net	356,009	820,256	1,176,265	233,732	492,547	726,279
Other income	6,000	-	6,000	562,683	-	562,683
Net assets released from restrictions	1,039,252	(1,039,252)	-	1,087,356	(1,087,356)	-
Total revenues and public support	8,771,995	663,001	9,434,996	9,418,183	273,424	9,691,607
Expenses						
Program Services	7,314,959	-	7,314,959	7,552,064	-	7,552,064
Management and general	601,396	-	601,396	658,344	-	658,344
Fundraising	462,223	-	462,223	439,724	-	439,724
Total expenses	8,378,578	-	8,378,578	8,650,132	-	8,650,132
Change in net assets	393,417	663,001	1,056,418	768,051	273,424	1,041,475
Net assets, beginning of year	5,959,833	5,197,763	11,157,596	5,191,782	4,924,339	10,116,121
Net assets, end of year	$ 6,353,250	$ 5,860,764	$ 12,214,014	$ 5,959,833	$ 5,197,763	$ 11,157,596

The accompanying notes are an integral part of the financial statements

Interfaith Community Services
Statements of Expenses by Function and Nature
For the year ended June 30,

	Program Services							Supporting Services		
	Emergency Financial Assistance	Food Bank	Life Advancement	Centralized Intake	Senior Services	Community Engagement	Total Program Services	Management and General	Fundraising	Total 2026
Salaries	$ 211,696	$ 242,696	$ 297,542	$ 214,896	$ 273,646	$ 269,324	$ 1,509,800	$ 363,768	$ 225,363	$ 2,098,931
Payroll taxes	15,541	18,200	21,958	16,166	20,250	19,602	111,717	27,130	16,794	155,641
Employee benefits	20,105	24,638	31,104	12,223	28,617	43,446	160,133	37,542	25,432	223,107
Total personnel	247,342	285,534	350,604	243,285	322,513	332,372	1,781,650	428,440	267,589	2,477,679
Client assistance:										
Food boxes	-	3,313,104	100	-	-	-	3,313,204	-	-	3,313,204
Mobile meal trays	-	-	-	-	59,312	-	59,312	-	-	59,312
Shelter assistance	702,892	-	20,191	-	-	-	723,083	-	-	723,083
Utility assistance	204,781	-	5,560	-	-	-	210,341	-	-	210,341
Other client assistance	40,944	1,750	227,109	-	10,083	-	279,886	503	-	280,389
Depreciation	13,278	79,623	25,077	12,632	13,930	8,578	153,118	9,966	6,806	169,890
Insurance	1,951	22,319	3,684	1,856	7,579	4,589	41,978	5,307	1,145	48,430
Lease expense	7,075	42,428	13,363	6,731	7,423	4,571	81,591	5,310	3,627	90,528
Miscellaneous	3,447	3,942	9,961	3,455	8,593	13,289	42,687	46,517	22,735	111,939
Office expense	17,693	32,940	24,301	16,823	26,516	19,810	138,083	21,159	22,702	181,944
Postage	100	122	132	99	163	117	733	122	6,538	7,393
Printing	-	-	51	-	-	-	51	211	11,325	11,587
Professional services	9,032	46,378	16,529	8,650	10,976	12,175	103,740	72,147	74,114	250,001
Repairs and maintenance	2,643	27,569	4,504	2,545	4,196	2,159	43,616	2,398	1,747	47,761
Supplies	954	8,374	3,082	717	1,727	8,195	23,049	2,573	39,320	64,942
Telephone	4,104	25,812	8,806	3,904	12,704	2,767	58,097	3,080	2,104	63,281
Travel	306	4,980	2,295	1,293	1,093	4,448	14,415	1,145	751	16,311
Utilities	3,356	20,124	6,338	3,193	3,521	2,168	38,700	2,518	1,720	42,938
Volunteer mileage reimbursement	-	-	-	-	207,625	-	207,625	-	-	207,625
Total expenses	$ 1,259,898	$ 3,914,999	$ 721,687	$ 305,183	$ 697,954	$ 415,238	$ 7,314,959	$ 601,396	$ 462,223	$ 8,378,578

The accompanying notes are an integral part of the financial statements

Interfaith Community Services
Statements of Expenses by Function and Nature
For the year ended June 30,

	Program Services							Supporting Services		
	Emergency Financial Assistance	Food Bank	Life Advancement	Centralized Intake	Senior Services	Community Engagement	Total Program Services	Management and General	Fundraising	Total 2025
Salaries	$ 219,376	$ 228,571	$ 356,184	$ 266,497	$ 221,035	$ 232,978	$ 1,524,641	$ 365,607	$ 216,836	$ 2,107,084
Payroll taxes	16,632	17,539	26,532	19,584	17,025	17,215	114,527	26,049	16,755	157,331
Employee benefits	18,897	20,143	31,554	20,744	19,289	33,275	143,902	38,180	21,298	203,380
Total personnel	254,905	266,253	414,270	306,825	257,349	283,468	1,783,070	429,836	254,889	2,467,795
Client assistance:										
Food boxes	-	3,610,069	-	-	-	-	3,610,069	-	-	3,610,069
Mobile meal trays	-	-	-	-	88,210	-	88,210	-	-	88,210
Shelter assistance	419,645	-	48,759	-	-	-	468,404	-	-	468,404
Utility assistance	287,378	-	9,866	-	-	-	297,244	-	-	297,244
Other client assistance	67,950	1,507	270,069	127	263	-	339,916	-	-	339,916
Depreciation	10,086	81,423	26,349	7,009	9,919	10,729	145,515	11,586	6,505	163,606
Insurance	1,398	22,618	3,651	971	4,083	6,152	38,873	5,537	1,029	45,439
Lease expense	5,581	45,054	14,580	3,878	5,488	5,937	80,518	6,410	3,600	90,528
Miscellaneous	4,167	3,831	11,482	3,652	7,126	12,279	42,537	42,417	17,507	102,461
Office expense	13,749	37,755	26,440	15,260	21,584	17,627	132,415	19,375	20,805	172,595
Postage	766	1,009	1,415	983	1,389	1,004	6,566	1,185	6,778	14,529
Printing	89	117	164	114	161	116	761	211	13,092	14,064
Professional services	8,299	10,939	63,238	10,653	23,421	14,936	131,486	128,723	62,777	322,986
Repairs and maintenance	1,646	30,024	3,868	1,477	8,457	1,891	47,363	2,116	1,906	51,385
Supplies	680	8,724	3,366	853	2,034	9,072	24,729	3,442	46,699	74,870
Telephone	2,910	24,036	7,601	2,022	11,095	3,641	51,305	3,342	1,877	56,524
Travel	630	4,773	8,602	567	2,772	2,837	20,181	1,148	568	21,897
Utilities	2,624	21,184	6,855	1,823	2,581	2,791	37,858	3,016	1,692	42,566
Volunteer mileage reimbursement	-	-	-	-	205,044	-	205,044	-	-	205,044
Total expenses	$ 1,082,503	$ 4,169,316	$ 920,575	$ 356,214	$ 650,976	$ 372,480	$ 7,552,064	$ 658,344	$ 439,724	$ 8,650,132

The accompanying notes are an integral part of the financial statements

Interfaith Community Services
Statements of Cash Flows
For the years ended June 30,

	2026	2025
Cash Flows from Operating Activities		
Change in net assets	$ 1,056,418	$ 1,041,475
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	169,890	163,606
Net realized and unrealized gain on investments	(996,730)	(555,373)
Net realized and unrealized gain on beneficial interest in funds held by others	(7,736)	(5,481)
Amortization of discount on in-kind contribution receivable	(1,796)	(2,178)
Reduction in carrying amount of right-of-use asset	6,320	6,134
Changes in operating assets and liabilities		
Government and foundation grants receivable	(163,991)	(36,604)
In-kind contribution receivable	9,840	9,840
Food box inventory	(86,918)	30,307
Prepaid expenses and other current assets	(25,874)	1,699
Accounts payable	(9,388)	(145,213)
Accrued payroll and related taxes	30,781	(68,012)
Deferred grant revenue	25,000	-
Operating lease liability	(6,405)	(6,157)
Net cash (used in) provided by operating activities	(589)	434,043
Cash Flows from Investing Activities		
Proceeds from sale of investments and investments - other	1,845,062	2,431,521
Purchase of investments and investments - other	(1,954,071)	(2,461,962)
Contributions and reinvestments in beneficial interests	(231)	(120)
Purchase of property and equipment	(190,940)	(444,838)
Net cash used in investing activities	(300,180)	(475,399)
Net change in cash and cash equivalents	(300,769)	(41,356)
Cash and cash equivalents, beginning of year	1,995,204	2,036,560
Cash and cash equivalents, end of year	$ 1,694,435	$ 1,995,204
Supplemental Disclosure of Cash Flow Information		
Cash paid for amounts included in measurement of lease liabilities		
Operating cash outflows - payments on operating leases	$ 7,193	$ 7,193

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

Notes to the Financial Statements

1. Organization

Interfaith Community Services (the “Organization”) is an Arizona nonprofit corporation, incorporated in 1985. The Organization’s funding comes primarily from contributions from affiliated congregations, individual donations, grants and special events. The Organization is a non-sectarian, faith-based, social services organization with a network of partnering faith communities that provides the following services:

Emergency Financial Assistance – The Organization’s Emergency Financial Assistance ("EFA") program provides financial assistance, short-term case management, and other support for individuals or families in emergency situations or to prevent homelessness. The goal is to provide for acute basic needs that help clients in distress get back on their feet and take steps toward stability and independence. The types of financial assistance include: rent and shelter expenses, utility bills, emergency prescription medications, food and gas vouchers, and back-to-work expenses such as permits, IDs, and clothing vouchers. In addition to financial support, EFA's Gifts of Love program matches pre-screened individuals and families with donors who provide additional support during the holiday season in the form of toys, gift cards, and clothing. EFA also connects clients with free tax preparation through VITA, which is designed for individuals and families with low to moderate incomes.

Food Bank – The Organization’s Food Bank partners with the Community Food Bank of Southern Arizona to distribute emergency food boxes each month to low-income seniors, as well as individuals and families in need. Registered households can receive one food box per month, filled with basic food staples. Those in need are also able to visit a second time to pick up extra items offered by the Food Bank. Additionally, through year-round community donations, the Organization offers nutritional food items such as bread, fresh produce, dairy items, and canned goods and other household products. During the holidays, the Organization includes special holiday food items such as scalloped potatoes and stuffing in the food bags. The Food Bank is dependent upon community food drives and donations from individuals, faith community partners, and other outside organizations to help keep the shelves stocked and to offer a selection of healthy foods to households in hardship situations. Additionally, the Organization organizes several special events, namely the Fall Food Drive and Empty Bowls events, throughout the course of the year to raise supplies, funding, and awareness for the food bank.

Life Advancement – The Organization’s Life Advancement programs join together to offer clients more than short-term emergency help; the Organization works with clients to build long-range solutions that promote financial stability and a more sustainable future. Life Advancement is made up of Workforce Development, Single Mom Scholars, and the related Youth Enrichment program.

> *Workforce Development* - This program assists clients in their goal of self-sufficiency, starting with the ability to secure and retain a stable job as well as identifying pathways for career development. The Organization’s volunteers work one-on-one with job seekers to set employment goals and objectives, assist with resume writing, provide interview coaching, and offer encouragement to position clients to be more competitive in today's employment market. Other services include classes on financial literacy and basic computer skills. Additionally, the Organization offers the Getting Ahead and Bridges Financial Management workshops to help participants identify and overcome barriers to self-sufficiency while providing them tools to succeed on their own. All services and workshops are free.
>
> *Single Mom Scholars* - Single Mom Scholars ("SMS") provides assistance to low-income single mom college student families while the mother pursues a college education and financial independence. In addition to a monthly stipend to offset education and living expenses, the program provides multi-faceted program benefits including AAA, auto repair, dental care, feminine products, mentorship, emergency assistance, clothing, laptops, a graduate mentorship program, and more. Each scholar attends monthly meetings where they form a peer support system and are provided life skills and financial literacy education. SMS participant’s children receive assistance through Youth Enrichment Support ("YES"). YES provides support to assist with the cost of early childhood education, basic school supplies, or after school sports or clubs. YES funding for scholars specifically helps pay for things like: backpacks, tutoring, sports programs, child care, instrument rental and other enrichment opportunities.
>
> *RESET* - This program is a long-term support commitment with the goal of providing individuals and their families with guidance, crucial life skills, and support over a 12-24-month period. It is designed for individuals and families that are ready to navigate out of poverty and establish a life of self-sufficiency. By the end of their time in this program, participants will have pressed a figurative "reset" button, equipped with tools, connections and resources to keep them on the path to long-term stability.

Notes to the Financial Statements

1. Organization (continued)

Centralized Intake - The Organization's Centralized Intake program acts as the single point of entry for all clients. Centralized Intake staff and volunteers make initial contact with prospective clients by phone, performing an intake screening to assess client needs and create a client record in the Organization's efforts-to-outcomes ("ETO") database software. They listen patiently and empathetically while clients talk about their struggles and needs. Once the intake screening is complete, Resource and Intake Specialists make referrals to all the Organization's programs for which the client is eligible, and meet additional needs by providing external referrals to resources within the community. The Organization's services for which Centralized Intake makes referrals include: rental or utility assistance, workforce development and job seeker services, food banks, life advancement programs, mobile meals, transportation to medical appointments, and food box deliveries for older and disabled adults.

Senior Services - Senior Services provides help to seniors and disabled individuals so that they may continue to live independently in their own homes, without the need for institutional care. Volunteers provide services such as mobile meals, transportation for medical appointments and shopping, reassurance calls, friendly phoning, friendly visiting, small home repairs, coffee and conversation social activities, and business help. The Mobile Meals program provides delivery of fresh and/or frozen nutritious meals each weekday to elderly, physically challenged or convalescing adults who are unable to cook for themselves. This program aims to maintain or restore clients' health or hasten recuperation during convalescence and help clients avoid hospital/nursing home stays. Volunteers use their own vehicles for these services with the exception of a handicap mini-van made possible through a 5310 Transit Grant through the Arizona Department of Transportation. Most services are provided at no cost except for Mobile Meals, which is provided on a sliding-scale fee basis based on ability to pay. More than 70% of Mobile Meals recipients receive full or partially subsidized meals.

Community Engagement – The Organization partners with many agencies and diverse faith communities in order to respond to low-income, senior and disabled individuals in the greater Tucson area. Activities in this category focus on providing information and communications with these partners, educating them in the services provided and how to refer clients to the Organization. These partners are also essential points of contact for announcing volunteer opportunities since over 1,000 volunteers are integral to all programs. Volunteers are the community connection point for the Organization and the majority of the agency's direct services to clients are carried out by volunteers. As a result, nurturing and supporting the volunteer base is taken very seriously at the Organization. This includes regular orientations for new volunteers, a rigorous registration process which includes background checks, placement and specialized training for the specific assignment. An annual volunteer recognition program is also in place.

2. Summary of Significant Accounting Policies

Basis of presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("U.S. GAAP") that the Organization follows to ensure the consistent reporting of its financial position, changes in net assets and cash flows. References to U.S. GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with the provisions of ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

In the accompanying financial statements, the classification of net assets is based on the presence or absence of donor-imposed restrictions as follows:

- **Without Donor Restrictions -** Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. All contributions are considered to be available for use without restriction unless specifically restricted by the donor.

- **With Donor Restrictions** - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire through the passage of time. Net assets with donor restrictions also includes net assets that are subject to donor-imposed stipulations such that assets must be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the investment return of these assets on continuing operations which may be subject to certain restrictions.

Expenses are generally reported as decreases in net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as increases in net assets without donor restrictions.

Cash and Cash Equivalents

For financial statement reporting purposes, the Organization considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates their fair values. The Organization places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limit (see Note 16). The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash balances. All such accounts are monitored by management to mitigate risk.

Investments

Debt and Equity Securities - Investments are accounted for in accordance with ASC 958-320, *Investments - Debt and Equity Securities*. Investments in debt and equity securities are valued at their fair values in the accompanying statements of financial position. Investment income, gains and losses are reported net of related investment fees in the statements of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Donated investments are recorded at fair value.

The Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, management evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee,

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Investments (continued)

including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. Through June 30, 2026, the Organization has not experienced other-than-temporary impairment losses on its investments.

Government and Foundation Grants Receivable

Government and foundation grants receivable consist principally of uncollateralized amounts due from state and local governments and foundations under contractual agreements. The carrying amount of the receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the aging of the receivable. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. As of June 30, 2026 and 2025, management considered all government and foundation grants receivable to be collectible, therefore, no allowance for uncollectible promises has been provided.

Contributions Receivable

The Organization accounts for contributions receivable to be made in future years as unconditional promises to give in the year the promise is made. Contributions to be received after one year are presented at their discounted present value at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. The fair value amount of contributions receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. All contributions deemed to be uncollectible are written off. As of June 30, 2026 and 2025, management considered all contributions receivable to be collectible, therefore, no allowance for uncollectible promises has been provided.

Food Box Inventory

Food box inventory consists of food and hygiene items donated to the Organization and is valued based on applying a blended average by category of comparable retail prices per pound.

Beneficial Interests in Funds Held by Others

In accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, the Organization measures the fair value of funds held at the Community Foundation of Southern Arizona ("CFSA") and the Jewish Community Foundation of Southern Arizona ("JCFSA") using the fair value of the underlying assets. Annual distributions from the funds are reported as investment income. Investment income, gains and losses are reported in the accompanying statements of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized.

The CFSA and JCFSA on behalf of the Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the accompanying financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, the Organization evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and its intent and ability to hold the investment. The Organization also

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Beneficial Interests in Funds Held by Others (continued)

considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. Through June 30, 2026, the Organization has not experienced other-than-temporary impairment losses on its beneficial interests in the funds held by others.

Property and Equipment, Net

Property and equipment are stated at cost if purchased, or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Building leasehold improvements	3 – 40 years
Land leasehold improvements	3 – 15 years
Furniture and equipment	2 – 10 years
Software	3 – 5 years
Vehicles	5 – 7 years

Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements and is included in depreciation expense. Acquisitions of property and equipment and repairs or betterments that materially prolong the useful lives of assets in excess of $2,500 are capitalized. Repairs and maintenance for normal upkeep are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is recognized.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the Organization periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2026, the Organization had not experienced impairment losses on its long-lived assets.

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Endowment Funds

The Organization's endowments were established to support, further and enhance the mission of the Organization. The Organization's endowments consist of two funds established under donor restriction and two funds designated by the Board of Directors to function as endowments. These funds are held at various institutions. The donor-restricted Interfaith Community Services endowment and one board-designated quasi endowment are held at a brokerage house. The donor-restricted Founders Endowment is held at CFSA. The second board-designated quasi endowment is held at JCFSA. As required by U.S. GAAP, net assets associated with endowment funds (including funds designated by the Board of Directors to function as endowments) are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the "Management of Charitable Funds Act" (Arizona's version of the Uniform Prudent Management of Institutional Funds Act or "UPMIFA"), which underlies the Organization's net asset classification of donor-restricted endowment funds, as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the law, at which time those amounts will be reported as net assets without donor restrictions.

Accordingly, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a net average annual total return, over the long term, equal to the change in the consumer price index plus 5%. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) while assuming a moderate level of investment risk. The Organization targets a diversified

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Endowment Funds (continued)

asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization's policy is to distribute the funds in accordance with the instructions of the endowment; in the absence of any specific instructions, all distributions require approval from the board of directors. The Organization has a board-approved spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. The Board approved spending policy allowed for appropriation equal to 5% of the average value of the endowment over the prior three years. However, the annual amount available for distribution from endowments with donor-restrictions shall not cause the principal amount of the endowment to fall below the original contributions made to the endowment after adjusting for inflation. As a result, the actual amount available to support operations in any one year may be less than 5%.

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless precluded by donor intent or relevant laws and regulations. The Organization did not spend from underwater endowment funds during the year. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires the Organization to retain for a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2026 and 2025.

Revenue Recognition

Contributions

Government Grants – The Organization accounts for its government grants by first determining whether the transaction is an exchange transaction or a contribution. If the transaction is one in which each party to the transaction directly receives commensurate value, then the transaction is considered an exchange transaction and the Organization recognizes revenue in accordance with ASC 606. Government grants revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred or services are provided. If the transaction is considered a contribution, then the Organization recognizes revenue in accordance with ASC 958-605. None of the Organization's government grants revenues were considered exchange transactions for the years ended June 30, 2026 and 2025.

Contributions - Contributions are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

- **Conditional** – Includes all contributions with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.
- **Unconditional** – Includes all contributions that do not contain a barrier to use and therefore are recorded as revenue once cash or a contribution is received. Donor-restricted contributions whose restrictions, e.g. for time and/or purpose, expected to be met within the reporting period, are not considered to have a significant barrier and thus these contributions are recorded as unconditional.

Contribution revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers of each contribution are met. If the funds are received from the donor before the relevant barriers are met, deferred grant revenue or deferred contributions is recorded on the statement of financial position for the amount of funds provided by the donor. Consequently, government funded grants revenue which are considered contributions are recognized when the related barriers to provide services are delivered and/or expenditures are incurred.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions (continued)

Donated Goods, Facilities and Services – Contributions of donated non-cash assets including goods and facilities are recorded at their fair values on the date the asset is donated. Absent explicit donor stipulations, contributions of long-lived assets or cash or other assets to be used to acquire or construct long-lived assets are reported as net assets without donor restrictions when placed in service. Donated services are recognized as contributions at fair value when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. The Organization utilizes the services of many outside volunteers to perform a variety of tasks that assist the Organization. Although the Organization utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Exchange Transactions

The Organization recognizes revenues from exchange transactions in accordance with ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Program Income – Program income primarily consists of fee-for-service services under its Mobile Meals program. Performance obligations are determined based on the nature of the services provided. The Organization recognizes revenues at a point in time when the related services are provided to the customer, which is when the performance obligation is satisfied. The transaction price is the amount of consideration the Organization expects to be entitled. Revenues are based primarily on fixed payment terms involving predetermined rates per service (fee-for-service) and typically do not involve variable consideration.

The timing of revenue recognition may not align with the right to invoice the customer. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability, such as deferred revenue is also recorded. If revenue is recognized in advance of the right to invoice, a contract asset, such as unbilled receivable is recorded. Program income totaled $29,134 and $44,487 for the years ended June 30, 2026 and 2025, respectively. Related accounts receivable, contract assets and contract liabilities as of June 30, 2026, 2025 and 2024 were not significant to the financial statements.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Certain costs have been allocated between program services and supporting services. Expenses are typically allocated based on a method that is deemed appropriate by management in the manner in which the expense is accrued. Indirect costs are the only expenses that are deemed as administrative by function. Management typically codes expenses to a program, administrative, fundraising or another shared expense category during the payment process. Share expenses are allocated either by the percentage of staff time within the administrative, fundraising and program categories or based on the (1) square footage allocations or (2) headcount allocation including normal office volunteers.

Shared direct expenses are typically those that are incurred in support of program work and can be allocated by either the salary basis or shared direct expense allocation. Such expenses include employee benefits, employment taxes, occupancy costs, technology, equipment, telephone, postage and office supplies, etc.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Advertising

The Organization expenses advertising costs as incurred. Advertising costs for the years ended June 30, 2026 and 2025 were $4,838 and $3,396, respectively, and are included in miscellaneous expense on the statements of expenses by function and nature.

Income Tax

The Organization is exempt from federal and state income taxes under the Federal Internal Revenue Code ("IRC") Section 501(c)(3) and Arizona income tax laws and is classified as other than a private foundation under IRC Section 509(a)(1). The Organization also qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(a)(vi).

Management has considered its tax positions in accordance with the accounting standard for uncertainty in income taxes and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. In addition, Management is not aware of any matters which would cause the Organization to lose its tax-exempt status. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Should the Organization ever be subject to interest and penalties related to unrecognized tax benefits, they would be classified in management and general expenses in its accompanying financial statements. During the years ended June 30, 2026 and 2025, the Organization did not recognize any interest and penalties.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 reporting period. Actual results could differ from those estimates.

3. Liquidity and Availability of Resources

The following table shows a determination of the Organization's financial assets that are available to meet cash needs for general expenditures within one year as of June 30:

	2026	2025
Cash and cash equivalents	$ 1,694,435	$ 1,995,204
Investments	7,660,406	6,554,667
Government and foundation grants receivable	556,957	392,966
Beneficial interests in funds held by others	69,790	61,823
Total financial assets	9,981,588	9,004,660
Less amounts unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions		
Endowment funds	3,223,962	3,223,962
Other donor restrictions	2,608,472	1,937,427
Board designations		
Board designated quasi-endowment	2,108,170	1,809,705
Financial assets available to meet cash needs for general expenditures within one year	$ 2,040,984	$ 2,033,566

Notes to the Financial Statements

3. Liquidity and Availability of Resources (continued)

The Organization follows their Operating Reserve Policy for managing and monitoring the availability of financial resources required to meet current operating needs. The Organization's Finance Committee has established that the goal for reserves should be at least six months of average recurring operating costs. The actual calculation of average recurring operating costs will be the average budgeted expenses of the Organization, excluding non-cash and capital expenses.

The Organization's financial working capital and cash flows have seasonal variations during the year attributable primarily to the timing of cash receipts and a concentration of contributions received near calendar year-end. To manage liquidity, the Organization maintains a line of credit of $1.5 million with a bank that is drawn upon as needed during the year to manage cash flow and is repaid in full as soon as possible.

4. In-Kind Contribution Receivable – Land Lease

The Organization leases land from a member church for $1 per year with a value of $9,840 per year. The lease, which is dated August 2009, has an initial term of 20 years and is renewable at the option of the Organization for an additional 20 years. At the signing of the lease, the Organization reported the fair value of the contribution and a corresponding contribution receivable. Fair value was calculated by discounting the estimated annual fair rental value of $9,840 for twenty years at an estimated risk-free rate of 5%. Each year thereafter, the receivable is reduced by rent expense and is increased by annual discount amortization, which is reported as in-kind contribution revenue in the statements of activities.

In-kind contributions receivable related to the land lease were as follows as of June 30:

		2026		2025
In-kind contribution receivable	$	30,814	$	40,654
Less discount to present value at 5%		(2,484)		(4,280)
		28,330		36,374
Less current portion of in-kind contribution receivable		(9,840)		(9,840)
Long-term portion of in-kind contribution receivable	$	18,490	$	26,534

A schedule of future in-kind rent expense was as follows as of June 30, 2026:

In-kind rent expense to be recognized during the year ending June 30,		Amount
2027	$	9,840
2028		9,840
2029		9,840
2030		1,294
	$	30,814

See Note 13 for additional information regarding the in-kind contribution for the land lease.

Notes to the Financial Statements

5. Investments

Investments are stated at fair value and consist of the following as of June 30:

	2026	2025
Equities	$ 3,689,708	$ 2,996,531
Mutual funds	2,412,426	1,916,559
Treasury notes/bonds	154,716	162,526
Asset backed securities	117,421	101,562
Corporate bonds	1,286,135	1,377,489
Total investments	$ 7,660,406	$ 6,554,667

Investment income, net related to the Organization's investments consists of the following for the years ended of June 30:

Description	2026	2025
Interest and dividend income	$ 218,907	$ 203,293
Realized and unrealized gain on investments, net	996,730	555,373
Change in value of beneficial interest	7,967	5,601
Investment fees	(47,339)	(37,988)
Total investment income, net	$ 1,176,265	$ 726,279

6. Fair Value Measurement

The Organization utilizes the fair value hierarchy required by ASC 820, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization's financial assets are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using readily determinable fair values or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on readily determinable fair values in active markets include the Organization's equities, mutual funds, treasury notes/bonds, asset backed securities, and corporate bonds. Such instruments are classified within Level 1 of the fair value hierarchy.

The investments held at the CFSA and JCFSA are categorized as Level 3 due to the lack of a market in which the Organization's units of participation in CFSA and JCFSA's pooled investments could be bought or sold.

The Organization measures the fair value of its beneficial interest by taking its proportionate share of the fair value of the underlying assets, which are primarily mutual funds.

Notes to the Financial Statements

6. Fair Value Measurement (continued)

The following table represents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2026:

Description	Fair Value	Level 1	Level 3
Equities	$ 3,689,708	$ 3,689,708	$ -
Mutual funds			
Foreign large blend	403,684	403,684	-
Large growth	1,578,085	1,578,085	-
Intermediate core bond	99,012	99,012	-
Miscellaneous fixed income	331,645	331,645	-
	2,412,426	2,412,426	-
Treasury notes/bonds	154,716	154,716	-
Asset backed securities	117,421	117,421	-
Corporate bonds	1,286,135	1,286,135	-
	7,660,406	7,660,406	-
Beneficial interest in funds held by others	69,790	-	69,790
Total Investments	$ 7,730,196	$ 7,660,406	$ 69,790

The following table represents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2025:

Description	Fair Value	Level 1	Level 3
Equities	$ 2,996,531	$ 2,996,531	$ -
Mutual funds			
Foreign large blend	320,044	320,044	-
Large growth	1,335,366	1,335,366	-
Miscellaneous fixed income	261,149	261,149	-
	1,916,559	1,916,559	-
Treasury notes/bonds	162,526	162,526	-
Asset backed securities	101,562	101,562	-
Corporate bonds	1,377,489	1,377,489	-
	6,554,667	6,554,667	-
Beneficial interest in funds held by others	61,823	-	61,823
Total Investments	$ 6,616,490	$ 6,554,667	$ 61,823

Notes to the Financial Statements

6. Fair Value Measurement (continued)

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets measured at fair value on a recurring basis for the years ended June 30:

		2026		2025
Fair value as of July 1	$	61,823	$	56,222
Investment gain included in change in net assets		8,740		6,296
Fees		(773)		(695)
Fair value as of June 30	$	69,790	$	61,823

7. Property and Equipment, Net

Property and equipment, net consist of the following as of June 30:

		2026		2025
Leasehold improvements				
Building improvements	$	2,980,592	$	2,980,592
Land improvements		116,339		116,339
Furniture and equipment		145,123		109,667
Software		88,940		88,940
Vehicles		405,045		313,088
Construction in progress		73,444		9,917
		3,809,483		3,618,543
Less accumulated depreciation		(1,554,676)		(1,384,786)
Property and equipment, net	$	2,254,807	$	2,233,757

8. Line of Credit

In December 2023, the Organization entered into a line of credit agreement with a financial institution for an original amount of $1,500,000 which was extended in February 2026 and matures in December 2027. The line of credit requires monthly interest only payments with interest at the Prime Rate with a floor of 6.75% in accordance with the February 2026 extension and 8.5% in accordance with the original December 2023 agreement (6.75% and 8.5% at June 30, 2026 and 2025, respectively). The line of credit had no outstanding balance as of June 30, 2026 and 2025, respectively.

9. Leases

In December 2023, the Organization entered into a 5-year operating lease agreement for office equipment. The Organization also leases office equipment under month-to-month leases and certain non-cancellable operating leases expiring within one year. Some leases may include one or more options to renew, generally at the Organization's sole discretion. In addition, certain leases may contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

Notes to the Financial Statements

9. Leases (continued)

The components of lease cost are as follows for the year ended June 30:

		2026		2025
Operating lease cost	$	7,168	$	7,168
Short-term lease cost		5,400		4,536
Total lease cost	$	12,568	$	11,704

Supplemental statement of financial position information related to leases is as follows as of June 30:

		2026		2025
Operating leases:				
Operating lease right-of-use asset	$	17,156	$	23,476
Operating lease liability, current	$	6,661	$	6,405
Operating lease liability, long-term		10,495		17,156
Total operating lease liabilities	$	17,156	$	23,561
Weighted-average remaining lease term: Operating lease		2.5 years		3.5 years
Weighted-average discount rate: Operating lease		3.93%		3.93%

The following is a summary of future minimum lease payments under non-cancelable operating leases as of June 30, 2026:

Year Ending June 30,		Operating Leases
2027	$	7,193
2028		7,193
2029		3,596
Total lease payments		17,982
Less imputed interest		(826)
Total present value of lease liabilities		17,156
Less lease liability, current		(6,661)
Lease liability, non-current	$	10,495

10. Net Assets with Board Designations

The Board may designate net assets without donor restriction for use in future periods, for specific purposes or projects, or may invest the funds in order to provide for long-term returns to support the operations of the Organization, similar to an endowment established by a donor. These designations may be amended or rescinded in the future by approval of the Board of Directors.

Notes to the Financial Statements

10. Net Assets with Board Designations (continued)

Net assets without donor restrictions that have been designated by the Board of Directors to function as an endowment or for a specific purpose consisted of the following as of June 30:

		2026		2025
Board-designated quasi endowment	$	2,108,170	$	1,809,705
Total	$	2,108,170	$	1,809,705

11. Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of June 30:

		2026		2025
Subject to passage of time				
For periods after June 30, 2026 and 2025, respectively	$	28,330	$	36,374
Subject to expenditure for specified purpose				
Financial assistance		32,000		-
Community health outreach		-		48,258
Self-sufficiency programs		16,500		-
Building fund		17,735		67,188
Food Bank		-		100,000
		66,235		215,446
Subject to the Organization's spending policy and appropriation:				
Original donor-restricted endowment gift amounts required to be maintained by donor				
Interfaith Community Services Endowment		3,202,645		3,202,645
Founders Endowment		21,317		21,317
		3,223,962		3,223,962
Accumulated investment earnings, which, once appropriated, are expendable to support				
Interfaith Community Services Endowment		2,529,820		1,713,801
Founders Endowment		12,417		8,180
		2,542,237		1,721,981
Total	$	5,860,764	$	5,197,763

Notes to the Financial Statements

12. Endowment Funds

Changes in endowment net assets for the year ended June 30, 2026:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2025	$ 1,809,705	$ 4,945,943	$ 6,755,648
Investment return			
Investment income	29,594	92,776	122,370
Net appreciation	268,871	727,480	996,351
Total investment return	298,465	820,256	1,118,721
Endowment net assets, June 30, 2026	$ 2,108,170	$ 5,766,199	$ 7,874,369

Changes in endowment net assets for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	$ 1,627,469	$ 4,456,466	$ 6,083,935
Investment return			
Investment income	28,831	82,184	111,015
Net depreciation	150,335	410,363	560,698
Total investment return	179,166	492,547	671,713
Contributions	3,070		3,070
Appropriation of funds for expenditure		(3,070)	(3,070)
Endowment net assets, June 30, 2025	$ 1,809,705	$ 4,945,943	$ 6,755,648

Donor-restricted endowment funds are held in the following financial assets reported on the statements of financial position as of June 30:

	2026	2025
Investments	$ 5,732,463	$ 4,916,445
Beneficial interest in funds held by others	33,736	29,498
Total financial assets	$ 5,766,199	$ 4,945,943

Notes to the Financial Statements

13. In-Kind Contributions

The Organization received in-kind contributions which are reported as follows for the years ended June 30:

	2026	2025
Food boxes	$ 3,241,494	$ 3,431,537
Volunteer mileage	132,522	124,744
Mobile Meals	-	7,950
Other client expenses	33,382	48,302
Lease expense	80,688	80,688
Land lease expense, net of change in in-kind contribution receivable	1,796	2,178
Direct donor benefit costs	30,459	35,564
Miscellaneous	4,933	6,297
	$ 3,525,274	$ 3,737,260

For the years ended June 30, 2026 and 2025, the Organization recognized contributed nonfinancial assets within revenue, including contributed food boxes, volunteer mileage, mobile meals, other client expenses, lease and land lease expenses, direct donor benefits costs, and miscellaneous items. Unless otherwise noted, contributed nonfinancial assets were not monetized and did not have donor-imposed restrictions.

Food Boxes – The Organization receives donated food boxes through its partnership with the Community Food Bank of Southern Arizona, which are then distributed as emergency food boxes to low-income seniors as well as individuals and families in need as part of its Food Bank program. Donated food boxes are valued based on applying a blended average of retail prices per pound.

Volunteer Mileage – The Organization utilizes volunteers to deliver meals or transportation to its Caregiving and Senior Services program clients. These volunteers also typically use their own vehicles and do not obtain reimbursement for mileage incurred. Volunteer mileage is recorded based on the number of miles incurred multiplied by the IRS standard mileage rate.

Mobile Meals – The Organization receives donated meal trays for Mobile Meals participants from a community partner as part of its Senior Services program. Participants receive one additional meal per week, in addition to the meals they are scheduled to receive. Donated meal trays are valued at the cost per tray that the Organization typically pays the community partner.

Other Client Expenses – The Organization receives donated items such as holiday gifts, household items, medical equipment, children's toys and books, handmade items such as blankets and clothing, and gift cards, which are provided to its clients as part of its programs. Other client expenses are valued based on the quantity of items received and the value claimed by the donor.

Lease and Land Lease Expense – The Organization occupies land and space in a building owned by a related party (see Notes 4 and 15) at little to no cost per year. Lease and land lease expense are valued based on comparable market rates and allocated to the Organization's programs based on square footage.

Direct Donor Benefit Costs – The Organization receives donated items such as supplies for events, including silent auction goods which are used to generate additional contributions to the Organization as part of its fundraising activities. Direct donor benefit costs are valued based on the quantity of items received and the value claimed by the donor.

Miscellaneous – The Organization receives miscellaneous donated items such as printing supplies, which are used by the Organization primarily in its management and general activities. Miscellaneous items are valued based on the quantity of items received and an online comparison of the sales price for similar items.

Notes to the Financial Statements

14. Retirement Plan

The Organization has a 403(B) plan. The plan is managed by Ascensus and features 403(B) and Roth 403(B) options for employees. Both plans had the same requirements for employee eligibility and matching. To be eligible, employees must receive or be expected to receive at least $5,000 in compensation annually and have completed 30 days' service. The Organization matches employee contributions up to 3% of annual compensation. Retirement expense for the years ended June 30, 2026 and 2025 was $49,307 and $53,422, respectively.

15. Related Party Transactions

For the years ended June 30, 2026 and 2025, the Organization occupied space in two buildings owned by member churches provided on a year-to-year or short-term basis at minimal or no cost per year with a value of $80,688, respectively. See Note 13.

16. Concentrations of Credit Risk

Cash Deposits at Banks
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the FDIC up to $250,000. As of June 30, 2026, and 2025, the Organization had $9,380 and $1,462 in excess of FDIC insured limits, respectively.

Investments
Investments held by other institutions are insured up to $500,000, including up to $250,000 for cash balances per institution, by the Securities Investor Protection Corporation ("SIPC"). As of June 30, 2026 and 2025, the Organization had $7,160,395 and $6,054,657, respectively, in excess of SIPC insured limits.

17. Subsequent Events

The Organization evaluated subsequent events through October 27, 2026, which represents the date the financial statements were available to be issued, and concluded that no additional disclosures are required.