



Interfaith CarePartners, Inc. and Affiliate

COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020



| | Page |
|--|-------------|
| REPORT | |
| Independent Auditors' Report | 1 |
| FINANCIAL STATEMENTS | |
| Combined Statements of Financial Position | 3 |
| Combined Statements of Activities | 5 |
| Combined Statements of Functional Expenses | 7 |
| Combined Statements of Cash Flows | 9 |
| Notes to Combined Financial Statements | 10 |



Carr, Riggs & Ingram, LLC

Two Riverway

15th Floor

Houston, TX 77056

713.621.8090

713.621.6907 (fax)

CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Interfaith CarePartners, Inc.
Houston, Texas

Opinion

We have audited the accompanying combined financial statements of Interfaith CarePartners, Inc. (a Texas non-profit corporation) and affiliate (collectively, the Organization), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 combined 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 combined 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 combined 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 combined 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.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
April 14, 2022

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position**

| <i>December 31, 2021</i> | Interfaith CarePartners, Inc. | | | The Acorn Foundation | | | Combined Total |
|---|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|---------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 166,616 | \$ - | \$ 166,616 | \$ - | \$ - | \$ - | \$ 166,616 |
| Restricted cash | - | 462,758 | 462,758 | - | - | - | 462,758 |
| Investments | - | - | - | - | 2,182,802 | 2,182,802 | 2,182,802 |
| Promises to give, net | 15,000 | 393,515 | 408,515 | - | - | - | 408,515 |
| Accounts receivable | 24,052 | - | 24,052 | - | - | - | 24,052 |
| Prepaid expenses | 13,287 | - | 13,287 | - | - | - | 13,287 |
| Total assets | \$ 218,955 | \$ 856,273 | \$ 1,075,228 | \$ - | \$ 2,182,802 | \$ 2,182,802 | \$ 3,258,030 |
| Liabilities and net assets | | | | | | | |
| Accounts payable | \$ 14,758 | \$ - | \$ 14,758 | \$ - | \$ - | \$ - | \$ 14,758 |
| Payroll liabilities | 37,259 | - | 37,259 | - | - | - | 37,259 |
| Total liabilities | 52,017 | - | 52,017 | - | - | - | 52,017 |
| Net assets | 166,938 | 856,273 | 1,023,211 | - | 2,182,802 | 2,182,802 | 3,206,013 |
| Total liabilities and net assets | \$ 218,955 | \$ 856,273 | \$ 1,075,228 | \$ - | \$ 2,182,802 | \$ 2,182,802 | \$ 3,258,030 |

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position**

| <i>December 31, 2020</i> | Interfaith CarePartners, Inc. | | | The Acorn Foundation | | | Combined Total |
|---|----------------------------------|-------------------------------|-------------------|----------------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 125,897 | \$ 50,000 | \$ 175,897 | \$ - | \$ - | \$ - | \$ 175,897 |
| Investments | - | - | - | - | 2,019,078 | 2,019,078 | 2,019,078 |
| Promises to give | - | 5,270 | 5,270 | - | - | - | 5,270 |
| Prepaid expenses | 13,449 | - | 13,449 | - | - | - | 13,449 |
| Total assets | \$ 139,346 | \$ 55,270 | \$ 194,616 | \$ - | \$ 2,019,078 | \$ 2,019,078 | \$ 2,213,694 |
| Liabilities and net assets | | | | | | | |
| Refundable advance | \$ - | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - | \$ 50,000 |
| Accrued liabilities | 8,597 | - | 8,597 | - | - | - | 8,597 |
| Total liabilities | 8,597 | 50,000 | 58,597 | - | - | - | 58,597 |
| Net assets | 130,749 | 5,270 | 136,019 | - | 2,019,078 | 2,019,078 | 2,155,097 |
| Total liabilities and net assets | \$ 139,346 | \$ 55,270 | \$ 194,616 | \$ - | \$ 2,019,078 | \$ 2,019,078 | \$ 2,213,694 |

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities**

| | Interfaith CarePartners, Inc. | | | The Acorn Foundation | | | Combined Total |
|--|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total | |
| <i>For the year ended December 31, 2021</i> | | | | | | | |
| Support and income | | | | | | | |
| Congregation grants | \$ 53,575 | \$ - | \$ 53,575 | \$ - | \$ - | \$ - | \$ 53,575 |
| Foundation grants | 113,000 | 972,015 | 1,085,015 | - | - | - | 1,085,015 |
| Corporate grants | 13,826 | 500 | 14,326 | - | - | - | 14,326 |
| Individual grants and contributions | 103,752 | 18,385 | 122,137 | - | - | - | 122,137 |
| Nonprofit organizations grants and contributions | 12,000 | 30,000 | 42,000 | - | - | - | 42,000 |
| Government grants and contributions | 81,808 | - | 81,808 | - | - | - | 81,808 |
| Special events | 139,649 | 50,000 | 189,649 | - | - | - | 189,649 |
| In-kind goods and services | 2,400 | - | 2,400 | - | - | - | 2,400 |
| Other Income | 10,383 | - | 10,383 | - | - | - | 10,383 |
| Investment return | - | - | - | - | 163,724 | 163,724 | 163,724 |
| Net assets released from donor restrictions | 219,897 | (219,897) | - | - | - | - | - |
| Total support and income | 750,290 | 851,003 | 1,601,293 | - | 163,724 | 163,724 | 1,765,017 |
| Expenses | | | | | | | |
| Program service | 585,074 | - | 585,074 | - | - | - | 585,074 |
| Supporting services | | | | | | | |
| Management and general | 29,854 | - | 29,854 | - | - | - | 29,854 |
| Fundraising | 99,173 | - | 99,173 | - | - | - | 99,173 |
| Total expenses | 714,101 | - | 714,101 | - | - | - | 714,101 |
| Changes in net assets | 36,189 | 851,003 | 887,192 | - | 163,724 | 163,724 | 1,050,916 |
| Net assets, at beginning of year | 130,749 | 5,270 | 136,019 | - | 2,019,078 | 2,019,078 | 2,155,097 |
| Net assets at end of year | \$ 166,938 | \$ 856,273 | \$ 1,023,211 | \$ - | \$ 2,182,802 | \$ 2,182,802 | \$ 3,206,013 |

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities**

| | Interfaith CarePartners, Inc. | | | The Acorn Foundation | | | Combined Total |
|--|----------------------------------|-------------------------------|----------------|----------------------------------|-------------------------------|----------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total | |
| <i>For the year ended December 31, 2020</i> | | | | | | | |
| Support and income | | | | | | | |
| Congregation grants | \$ 18,420 | \$ 390 | \$ 18,810 | \$ - | \$ - | \$ - | \$ 18,810 |
| Foundation grants | 192,800 | 8,750 | 201,550 | - | - | - | 201,550 |
| Corporate grants | 20,744 | 7,770 | 28,514 | - | - | - | 28,514 |
| Individual grants and contributions | 70,696 | - | 70,696 | - | - | - | 70,696 |
| Government grants and contributions | 114,316 | - | 114,316 | - | - | - | 114,316 |
| Special events | 252,143 | - | 252,143 | - | - | - | 252,143 |
| Other Income | 6,983 | - | 6,983 | - | - | - | 6,983 |
| Investment return | - | - | - | - | 231,958 | 231,958 | 231,958 |
| Net assets released from donor restrictions | 22,640 | (22,640) | - | 150,000 | (150,000) | - | - |
| Total support and income | 698,742 | (5,730) | 693,012 | 150,000 | 81,958 | 231,958 | 924,970 |
| Expenses | | | | | | | |
| Program service | 735,258 | - | 735,258 | - | - | - | 735,258 |
| Supporting services | | | | | | | |
| Management and general | 34,886 | - | 34,886 | - | - | - | 34,886 |
| Fundraising | 70,393 | - | 70,393 | - | - | - | 70,393 |
| Total expenses | 840,537 | - | 840,537 | - | - | - | 840,537 |
| Changes in net assets before affiliate transactions | (141,795) | (5,730) | (147,525) | 150,000 | 81,958 | 231,958 | 84,433 |
| Transfer from Acorn | 150,000 | - | 150,000 | (150,000) | - | (150,000) | - |
| Changes in net assets | 8,205 | (5,730) | 2,475 | - | 81,958 | 81,958 | 84,433 |
| Net assets, at beginning of year | 122,544 | 11,000 | 133,544 | - | 1,937,120 | 1,937,120 | 2,070,664 |
| Net assets at end of year | \$ 130,749 | \$ 5,270 | \$ 136,019 | \$ - | \$ 2,019,078 | \$ 2,019,078 | \$ 2,155,097 |

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Functional Expenses**

For the year ended December 31,

2021

| | Program Services | Management and General | Fundraising | Total |
|--|---------------------|---------------------------|------------------|-------------------|
| Interfaith CarePartners, Inc. | | | | |
| Salaries | \$ 332,962 | \$ 3,416 | \$ 21,049 | \$ 357,427 |
| Fringe benefits and taxes | 60,686 | (1,560) | 3,412 | 62,538 |
| Contractual and professional services | 93,328 | 23,958 | 34,984 | 152,270 |
| Printing, postage and supplies | 8,221 | 909 | 4,170 | 13,300 |
| Office rent and maintenance | 63,243 | 687 | 4,812 | 68,742 |
| IT and communications | 11,961 | 190 | 803 | 12,954 |
| Professional development | 1,665 | 18 | 127 | 1,810 |
| Insurance | 8,485 | (534) | 646 | 8,597 |
| Bank and merchant fees | 18 | 2,673 | 28 | 2,719 |
| Travel and mileage | 2,176 | 83 | 123 | 2,382 |
| Program support | 2,329 | 14 | 89 | 2,432 |
| Special event expenses | - | - | 28,930 | 28,930 |
| Total Interfaith CarePartners, Inc. | \$ 585,074 | \$ 29,854 | \$ 99,173 | \$ 714,101 |

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Functional Expenses**

For the year ended December 31,

2020

| | Program Services | Management and General | Fundraising | Total |
|--|---------------------|---------------------------|------------------|-------------------|
| Interfaith CarePartners, Inc. | | | | |
| Salaries | \$ 500,733 | \$ 5,443 | \$ 38,099 | \$ 544,275 |
| Fringe benefits and taxes | 101,043 | 1,251 | 11,110 | 113,404 |
| Contractual and professional services | 10,339 | 25,199 | 5,172 | 40,710 |
| Printing, postage and supplies | 11,624 | 324 | 2,526 | 14,474 |
| Office rent and maintenance | 67,693 | 736 | 5,151 | 73,580 |
| IT and communications | 13,362 | 145 | 1,812 | 15,319 |
| Professional development | 4,630 | 50 | 862 | 5,542 |
| Insurance | 22,092 | (3,122) | 1,680 | 20,650 |
| Bank and merchant fees | - | 4,622 | 9 | 4,631 |
| Travel and mileage | 2,627 | 228 | 192 | 3,047 |
| Program support | 1,115 | 10 | 43 | 1,168 |
| Special event expenses | - | - | 3,737 | 3,737 |
| Total Interfaith CarePartners, Inc. | \$ 735,258 | \$ 34,886 | \$ 70,393 | \$ 840,537 |

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

**Interfaith CarePartners, Inc. and Affiliate
Combined Statements of Cash Flows**

| <i>For the years ended December 31,</i> | 2021 | 2020 |
|---|-------------------|-------------------|
| Operating activities | | |
| Changes in net assets | \$ 1,050,916 | \$ 84,433 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Gains on sale of investments | (43,801) | (46,233) |
| Net unrealized gains on investments | (78,972) | (150,857) |
| Changes in operating assets and liabilities: | | |
| Promises to give | (403,245) | 730 |
| Accounts receivable | (24,052) | - |
| Prepaid expenses | 162 | 8,010 |
| Deferred revenue | (50,000) | - |
| Accounts payable | 14,758 | - |
| Accrued liabilities | 28,662 | 4,527 |
| Net cash provided by (used in) operating activities | 494,428 | (99,390) |
| Investing activities | | |
| Proceeds from sale of investments | - | 150,000 |
| Receipts of dividends reinvested | (40,951) | (34,868) |
| Net cash provided by (used in) investing activities | (40,951) | 115,132 |
| Net change in cash, cash equivalents and restricted cash | 453,477 | 15,742 |
| Cash, cash equivalents and restricted cash, beginning of year | 175,897 | 160,155 |
| Cash, cash equivalents and restricted cash, end of year | \$ 629,374 | \$ 175,897 |
| Reconciliation of cash, cash equivalents and restricted cash | | |
| Cash and cash equivalents | \$ 166,616 | \$ 175,897 |
| Restricted cash | 462,758 | - |
| Total cash, cash equivalents and restricted cash | \$ 629,374 | \$ 175,897 |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest | \$ - | \$ 69 |

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

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 1: ORGANIZATION AND NATURE OF OPERATIONS (Unaudited)

In June 1988, the Foundation for Interfaith Research and Ministry (FIRM) was established as a nonprofit corporation to support research, education and service programs relating to the disciplines of theology, religious studies, pastoral care and other public service programs. In July 2000, FIRM legally amended its charter, changing its name to Interfaith CarePartners, Inc. Interfaith CarePartners, Inc.'s certificate of operation under Assumed Name of "CarePartners" became effective on June 2, 2016 for a period of ten years.

CarePartners provides life-changing programs and volunteer support services to 2,470 individuals living in Greater Houston. Its mission is to provide support, education and resources to caregivers and quality care for those living with memory loss and other challenges of aging. Our volunteer led organization partners with over 80 different faith-based congregations, healthcare systems and nonprofit organizations. Those partnerships result in 76 Care Teams with approximately 1,730 volunteers providing 36,690 volunteer caregiving hours to CarePartners' mission through our four primary programs. Those volunteer hours equal an estimated \$1.44 million in free care.

Special Note: In March 2020, due to the pandemic crisis, all in person face to face programs were canceled due to the vulnerable population served. However, we were able to remain connected and engaged with our clients and volunteers in unique and innovative ways. Our in-person programs began to reopen in Spring 2021. 23 programs had reopened by the end of 2021; however, COVID-19 surges related to the Delta and Omicron variants delayed additional reopening.

Additionally, in 2021, CarePartners announced plans to take over operations of a dementia-specific adult day center, formerly operated by BakerRipley. The CarePartners staff and board undertook an extensive due diligence process to develop the best plan for responsibly integrating the Dementia Day Center into its own operations while maintaining a high standard of care for clients and their families. CarePartners launched a \$1.2 million campaign to assist with the transition costs over the next three years. CarePartners officially took over operations on January 1, 2022.

Our four traditional client-service programs include the Gathering Place, Second Family, Common Ground and Education Events. Volunteer Care Teams support each of these primary programs. The Dementia Day Center is a licensed adult day facility and is supported by a staff specialized in dementia care.

Gathering Place is a highly engaging program specifically for individuals with early to moderate Alzheimer's, other dementias or memory loss. Planned activities strengthen motor and social skills through games, music, crafts, lunch, and socialization. Family caregivers receive 3.5 hours of respite care support while their loved ones attend Gathering Place. Volunteers serve on a Care Team to support and provide quality 1:1 care for those attending. In 2021, 798 individuals were served during one or more of the 50 partnering locations.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 1: ORGANIZATION AND NATURE OF OPERATIONS (Unaudited)(Continued)

Second Family is a program designed to help home-bound individuals living with memory loss or other challenges due to aging and provides respite care, a break from caregiving responsibilities, and support for caregivers. An extended family of trained volunteers offers support and companionship for home-bound individuals who belong to a CarePartners' partnering congregation. In 2021, 162 individuals were served by one of our 12 partnering locations.

Common Ground is a support group for family caregivers offering emotional support, encouragement, friendship and helpful tips about self-care and caregiving. Family caregivers supporting loved ones with Alzheimer's, dementia, memory loss or other challenges of aging may join this monthly support group. In 2021, 102 individuals were served through one or more of our 14 partnering locations.

Caregiver Educational Events are workshops that provide caregivers with education and community resources that equip them to take better care for themselves and their loved ones. Events are offered in half day or full day conference formats, single workshops, or corporate lunch and learns. In 2021, 1,408 individuals attended one of our 14 educational events where 41 workshops and 10 new Hot Topics were provided by professionals who volunteered their time and expertise to better educate caregivers. During the pandemic, we created a total of 82 virtual "Hot Topics" video education and community resource workshops available for replay at <https://www.youtube.com/channel/UCm3GwOlwITe6g2n7cWcTkAw/videos>.

CarePartners programs are in Harris, Fort Bend, Montgomery, Galveston, and Brazoria counties. Our online programs and resources are available to everyone with access to the internet. In addition, our programs have won numerous national and local awards, including a President's Community Service Award, the nation's highest honor for volunteer community service. The organization's reputation for excellence in volunteer program management elicits inquiries from groups across the country seeking advice and consultation, as well as wishing to replicate the procedures and practices of CarePartners' program.

The affiliate of CarePartners is The Acorn Foundation (Acorn), established as a nonprofit corporation in June 1993, to be administered solely for the benefit of CarePartners. Acorn exists to invest and administer the endowment fund for Interfaith CarePartners.

The accompanying combined financial statements include the accounts of CarePartners and Acorn (collectively, the Organization), all of which are under common control. Inter-organization transactions and balances have been eliminated in combination.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the 2020 combined financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Use of Estimates

The preparation of the combined 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 amounts of assets and liabilities, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Actual results could differ from those estimates that were used.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

As of December 31, 2021, the restricted cash of \$462,758 is for the Dementia Day Center and Caregiver staff positions.

Investments and Investment Return

The Organization reports investments at fair value in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities. Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions in the reporting period in which the income and gains are recognized.

Promises to Give

Conditional promises to give are not recognized in the combined financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows, if material. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to give, net consists of the following:

| <i>December 31,</i> | 2021 | 2020 |
|--------------------------------|-------------------|-----------------|
| Promises to give | \$ 410,000 | \$ 5,270 |
| Less unamortized discount (1%) | (1,485) | - |
| Total | \$ 408,515 | \$ 5,270 |

The promises to give are due as follows:

| <i>December 31,</i> | 2021 | 2020 |
|----------------------------|-------------------|-----------------|
| Less than one year | \$ 260,000 | \$ 5,270 |
| One to five years | 148,515 | - |
| Total | \$ 408,515 | \$ 5,270 |

Accounts Receivable

Accounts receivable consist of a billing for cost-reimbursement costs on a sub-award grant that is expected to be collected within one year. The Organization considers the collectability of each account individually. Management believes all accounts receivable are collectible and therefore there is no allowance for doubtful accounts.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. As of December 31, 2021 and 2020, all property and equipment is fully depreciated.

Refundable Advance

The Organization recognizes contributions received in advance (primarily for their annual fundraising event, Sweet Charity), as a refundable advance.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the combined financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Grant revenue on cost-reimbursement grants is recognized after the program expenditures have been incurred. As such, the Organization recognizes revenue and records a receivable for the reimbursement amount from the granting agency.

The Organization recognizes contributions with cash, securities or other assets; and unconditional promises to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance of other barriers and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as increases in net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. Special event revenue represents the amount paid by donors, sponsors, and attendees of a fundraising event. Ticket sales include elements of both contributions and exchange transactions and are recorded when the event occurs. Cost of direct donor benefits provided represents the costs of goods and services provided in exchange for the amount paid by event attendees. For the years ended December 31, 2021 and 2020, cost of direct donor benefits totaled approximately \$27,600 and \$3,500, respectively.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also contribute their time to support the Organization's service programs, principally in client care, and fund-raising services throughout the year that are not recognized as contributions in the combined financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to program or supporting services. Expenses that relate to salaries, fringe benefit and taxes, contractual and professional services, printing, postage and supplies, office rent and maintenance, , IT and communications, professional development, insurance, travel and mileage, and program support are allocated based on estimates of time and effort of all staff members, which are reviewed throughout the year and updated, if needed, due to staff changes.

Income Taxes

CarePartners and Acorn are exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and, accordingly, are not subjected to federal income taxes.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the combined financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021 and 2020, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the combined financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, April 14, 2022. See Note 9 and 10 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these combined financial statements.

Future Financial Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the combined statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the combined statements of activities. For nonpublic entities, the standard is effective, as amended by ASU 2016-02, for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of the guidance on its combined financial statements.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update apply to Not-for-Profit entities that receive contributed nonfinancial assets. Under the guidance, entities are required to (1) present contributed nonfinancial assets as a separate line item in the combined statements of activities, apart from contributions of cash and other financial assets and (2) disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the combined statements of activities by category that depicts the type of contributed nonfinancial assets and certain qualitative information. This new guidance is required to be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact of the guidance on its combined financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The CarePartners' primary sources of support are contributions and grants, which most of the support having no donor restrictions. Fundraising events are held during the year to support the CarePartners' budget. Additionally, CarePartners receives funds from Acorn based on budgeted needs. CarePartners operates with a balanced budget and anticipates covering its general expenditures by collection of sufficient support and Acorn's annual transfer of funds.

As of December 31, 2021, CarePartners has \$205,668 of unrestricted financial assets available within one year of the combined statement of financial position date consisting of cash, promises to give and accounts receivable. Although not expected to be needed, the Acorn's financial assets are available for spending without limitation at the discretion of the Board. As of December 31, 2021, Acorn's financial assets total \$2,182,802 consisting of short-term and long-term investments.

As of December 31, 2020, CarePartners has \$181,167 of unrestricted financial assets available within one year of the combined statement of financial position date consisting of cash and promises to give. Although not expected to be needed, Acorn's financial assets are available for spending without limitation at the discretion of the Board. As of December 31, 2020, Acorn's financial assets total \$2,019,078 consisting of short-term and long-term investments.

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

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 Organization utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Investments in mutual funds with readily determinable fair values are carried at fair value based on quoted market values in active markets (Level 1).

The fair value of assets measured at fair value on a recurring basis is as follows:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|--|--|
| <i>December 31, 2021</i> | | | |
| Total investment in mutual funds | \$ 2,182,802 | \$ - | \$ - |
| <i>December 31, 2020</i> | | | |
| Total investment in mutual funds | \$ 2,019,078 | \$ - | \$ - |

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the combined statements of financial position and the combined statements of activities.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 5: PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$113,700 loan through the Paycheck Protection Program (PPP) under the CARES Act. The Organization applied for forgiveness of \$113,700 of the debt and recorded the amount as government grant revenue during 2020. On November 24, 2020, the Organization received notice that a principal balance of \$103,700 and related interest of \$616 had been forgiven. On December 12, 2020, the Organization paid off the outstanding balance of \$10,000 plus interest of \$69.

Effective December 27, 2020, the Consolidated Appropriations Act, 2021 bill was passed and signed, which included that the Small Business Administration (SBA) will no longer deduct EIDL advances from the forgiven payments remitted to PPP lenders. Therefore, the Organization received a refund in 2021 for its payment made of \$10,000.

In March 2021, the Organization applied for and received a second PPP loan of \$47,623. The Organization applied for forgiveness of \$47,623 of the debt and recorded the amount as government grant revenue during 2021. On June 14, 2021, the Organization received notice that a principal balance of \$47,623 and related interest of \$134 had been forgiven.

As of December 31, 2021 and 2020, the Organization has no outstanding balance.

Note 6: NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021, CarePartners has net assets with donor restrictions of \$806,273 for the Dementia Day Center acquisition and operations and \$50,000 for two caregiver staff positions to be used in subsequent periods. At December 31, 2020, CarePartners has net assets with donor restriction of \$5,270 to be used for subsequent periods for a specific donor and/or time restrictions.

At December 31, 2021 and 2020, net assets with donor restriction from Acorn in the amount of \$2,182,802 and \$2,019,078, respectively, are available for investment for the benefit of CarePartners.

Note 7: DISTRIBUTION TO AFFILIATE

In 2020, Acorn's Board of Directors approved \$150,000 transfer to CarePartners. No distribution was made from Acorn to CarePartners in 2021.

Note 8: CONCENTRATION OF CREDIT RISK

At various times during the years, the Organization may have bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes any credit risk is low due to the overall financial strength of the financial institution.

As of December 31, 2021, three donors accounted for 99% of the promises to give. As of December 31, 2020, one donor accounted for 100% of the promises to give.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 8: CONCENTRATION OF CREDIT RISK (Continued)

As of December 31, 2021, one grantor accounted for 100% of the accounts receivable.

For the year ended December 31, 2021, one donor accounted for 28% of the grants and contributions.

Note 9: OPERATING LEASE

CarePartners leases office space under a noncancelable operating lease which expired on May 31, 2021 and was extended on month-to-month basis. CarePartners terminated this lease effective January 2022. Total annual lease expense amounted to \$67,365 and \$72,037 for the years ended December 31, 2021 and 2020, respectively.

Note 10: BAKERRIPLEY DEMENTIA DAY CENTER

In August of 2021, the CarePartners board voted in favor of assuming the responsibility of the operations of the BakerRipley Dementia Day Center as of January 1, 2022, in furtherance of its goal and mission of being the primary resource for family caregivers in Texas.

On November 1, 2021, CarePartners signed a lease agreement with BakerRipley commencing on January 1, 2022 for the location of the Dementia Day Center on the first floor and a smaller portion of the second floor of the BakerRipley property situated at 3838 Aberdeen Way, Houston, Texas. The future payments of the 4-year operating lease are as follows:

| <i>For the year ending December 31,</i> | Lease Payments | Present Value at January 1, 2022 |
|---|-------------------|-------------------------------------|
| 2022 | \$ 142,348 | \$ 141,580 |
| 2023 | 170,818 | 168,347 |
| 2024 | 170,818 | 166,672 |
| 2025 | 170,818 | 165,015 |
| Total | \$ 654,802 | \$ 641,614 |

The Operating lease right of use asset and its corresponding lease liability will be recorded at present value as of January 1, 2022.

In addition to the lease agreement, CarePartners signed a transfer agreement for the transfer of supplies and equipment in use at the Dementia Day Center and other office supplies and equipment for monetary consideration of \$1. The total fair market value of these items is \$35,675. This was recorded as an in-kind donation at the transfer date of January 1, 2022 and the supplies and equipment were subsequently expensed during the same period as their individual values were below the capitalization threshold.

Interfaith CarePartners, Inc. and Affiliate Notes to Combined Financial Statements

Note 11: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meeting, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.