

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Independent Auditor's Report and Audited Financial Statements

As of and for the Year Ended June 30, 2024



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Independent Auditor's Report

To Management and the Board of
Intown Collaborative Ministries, Inc. (dba Intown Cares)
Atlanta, GA,

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Intown Collaborative Ministries, Inc. (dba Intown Cares) (the Organization) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 U.S. 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 U.S. 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.



CoSurge LLC
(d/b/a CoSurge CPAs)
Buford, Georgia
February 14, 2025

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Statement of Financial Position

As of June 30, 2024

Assets	
Current Assets	
Cash and cash equivalents	\$ 840,033
Grants receivable	229,459
Employee retention credit receivable, net	29,317
Total Current Assets	1,098,809
Noncurrent Assets	
Property and equipment, net	52,757
Total assets	1,151,566
Liabilities and Net Assets	
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	62,617
Current portion of note payable	6,098
Total Current Liabilities	68,715
Long-term liabilities	
Note payable, net	2,874
Total Liabilities	71,589
Net Assets	
Without donor restrictions	
Undesignated	750,477
Designated by Board	325,000
Total without donor restrictions	1,075,477
With donor restrictions	
Purpose restrictions	4,500
Total Net Assets	1,079,977
Total Liabilities and Net Assets	\$ 1,151,566

See accompanying notes to the financial statements

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Statement of Activities

For the Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains			
Contributions from donors and grantors	\$ 1,008,884	\$ 1,397,627	\$ 2,406,511
Fundraising events, net of \$165,890 direct donor benefits	319,710	-	319,710
Donated goods and services	1,118,797	-	1,118,797
Other revenue, gains and losses	13,374	-	13,374
Net assets released from restrictions	1,470,993	(1,470,993)	-
Total revenues, support and gains	3,931,758	(73,366)	3,858,392
Expenses			
Program activities			
Food Programs	1,428,988	-	1,428,988
Homeless Services	1,645,226	-	1,645,226
Total program activities	3,074,214	-	3,074,214
Supporting activities			
Management and general	204,844	-	204,844
Fundraising	321,546	-	321,546
Total supporting activities	526,390	-	526,390
Total expenses	3,600,604	-	3,600,604
Loss on uncollectible accounts	194,508	-	194,508
Total expenses and losses	3,795,112	-	3,795,112
Change in net assets	136,646	(73,366)	63,280
Net assets, beginning of year	938,831	77,866	1,016,697
Net assets, end of year	\$ 1,075,477	\$ 4,500	\$ 1,079,977

See accompanying notes to the financial statements

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Statement of Functional Expenses

For the Year ended June 30, 2024

	Program Activities		Supporting Activities		Total expenses by nature
	Food Programs	Homeless Services	Management and general	Fundraising	
Compensation and benefits	\$ 137,920	\$ 1,438,304	\$ 137,919	\$ 256,136	\$ 1,970,279
Fees for services	3,528	3,175	26,460	2,117	35,280
Information technology	16,617	24,570	7,120	4,748	53,055
Occupancy	76,880	55,153	15,042	20,056	167,131
Travel	6,547	13,094	3,927	2,619	26,187
Insurance	3,189	33,254	3,188	5,922	45,553
Repairs and maintenance	435	4,535	434	808	6,212
Training	1,630	17,002	1,631	3,028	23,291
Supplies	1,169,322	41,587	7,338	4,893	1,223,140
Other expenses	696	800	258	18,163	19,917
Depreciation	12,224	13,752	1,527	3,056	30,559
Total expenses on statement of activities	1,428,988	1,645,226	204,844	321,546	3,600,604
Reported with revenue:					
Direct donor benefits	-	-	-	165,890	165,890
Total expenses by function	\$ 1,428,988	\$ 1,645,226	\$ 204,844	\$ 487,436	\$ 3,766,494

See accompanying notes to the financial statements

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Statement of Cash Flows

For the Year ended June 30, 2024

Cash Flows From Operating Activities

Cash received from donors and grantors	\$ 2,191,256
Cash received from other sources - fundraising events	302,370
Cash received from interest and dividends	13,374
Cash paid to employees	(1,970,279)
Cash paid to service providers and vendors	(408,047)
Interest paid	(517)

Net Cash Provided by (Used in) Operating Activities 128,157

Cash Flows from Investing Activities

Cash purchases of property and equipment	(35,000)
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Cash Flows from Financing Activities

Principal payments on notes payable	(5,852)
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Net Increase (Decrease) in Cash and Cash Equivalents 87,305

Cash and cash equivalents at beginning of year 752,728

Cash and Cash Equivalents at End of Year 840,033

Supplemental disclosure of noncash activities:

Donated goods and services	\$ 1,118,797
Depreciation	\$ 30,559

See accompanying notes to the financial statements

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

1. NATURE OF ACTIVITIES

Intown Collaborative Ministries, Inc. (dba Intown Cares) (the Organization) was formed and incorporated under the laws of the state of Georgia on September 15, 2009 as a not-for-profit organization for the purpose of preventing and reversing homelessness and hunger in Intown Atlanta. The Organization envisions a thriving community equipped to provide a prompt and effective support for those experiencing homelessness and hunger.

The primary programs of the Organization are Homeless Services (a five-step process of engagement, enrollment, navigation, housing, and support), and Food Programs (seeking to alleviate the immediate hunger of neighbors experiencing food insecurity through a food pantry and other food distribution activities).

The Organization is located in Atlanta, Georgia and is supported primarily through contributions and donations from government agencies, individuals, foundations, and businesses and community partners. Additional information is available on the Organization's website at www.intowncares.org and through its social media outlets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are described to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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).

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

Cash and cash equivalents

Cash and cash equivalents include cash, checking and savings accounts, and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash balances may exceed federally insured amounts. As of June 30, 2024, the Organization had \$237,911 over the federal insurable amount. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Property and Equipment

The Organization's capitalization policy is to capitalize property and equipment with a purchase price, or donation value, more than \$1,000 and which has a useful life greater than one year. Property and equipment purchased are recorded at cost, or fair value at the date of donation, if donated.

Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Property items retired, or otherwise disposed of, are removed from the asset and accumulated depreciation accounts and any resulting gain or loss is reflected in the statement of activities.

Depreciation is provided over the estimated useful lives of the individual assets using the straight-line method as follows: equipment, 3 to 10 years; vehicles, 4 to 5 years.

Impairment

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If a long-lived asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. There were no indicators of asset impairment for the year ended June 30, 2024.

Fair Value Measurement

When required or elected, the Organization reports certain donated goods and services, and financial instruments, at fair value (the estimated price at which an asset can be sold or a liability settled in an orderly transaction to a third party under current market conditions) using appropriate valuation techniques based on available inputs.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

Available inputs are categorized (based on the amount of subjectivity associated with the information source) using a three-level fair value hierarchy defined by U.S. GAAP as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 - Observable inputs other than quoted prices for identical assets and liabilities

Level 3 - Unobservable inputs supported by little or no market activity

When possible, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 are not available.

Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, amounts reported in the financial statements are classified in two self-balancing net asset categories as follows:

- Net assets without donor restrictions are resources currently available for use in general operations, including internal limits imposed by Board decisions.
- Net assets with donor restrictions are resources whose use is limited by donor / grantor-imposed restrictions for specific purpose, passage of time, or perpetual donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Organization.

Recognition of Revenue

Unconditional Contributions

Contributions and donations are reported when made, which is generally when cash is received, unconditional promises to give are made, or ownership of donated assets is transferred to the Organization.

The Organization recognizes contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed temporary restriction expires or its stipulations are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and presented in the accompanying statements of activities as net assets released from restrictions.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

In certain cases, contributions are solicited for projects that have been previously funded by unrestricted resources in anticipation of receiving donor restricted contributions. Such contributions are immediately recognized as reclassifications to unrestricted support in the period received since the donor-imposed restrictions have already been satisfied.

Contributions of or to Acquire Long-Term Assets

Contributions of long-term assets, such as property and equipment, are recorded as unrestricted support unless explicit donor stipulations specify how the long-term asset must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used are recognized as restricted support when received and are released from restrictions when the donated assets are placed into service.

Contributions of cash and other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Organization reports expirations of donor-imposed restrictions when the acquired long-term assets are placed into service.

Conditional Contributions

Conditional contributions received are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional. Conditional contributions for which the conditions have been satisfied, but funds have not yet been received, are reflected in the statement of financial position as grants receivable as of June 30, 2024.

Exchange Transactions

The Organization receives revenue from grantors pursuant to grant contracts. The characteristics of each individual grant are considered to determine if a resource provider is receiving commensurate value in return for the resources transferred. A benefit received by the public is treated as an exchange transaction. Exchange transaction revenue is recorded as the costs are incurred for cost reimbursement grants or as the services are performed for operating and performance grants. Management has determined that all 2024 grants should be treated as contributions.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

Donated Goods and Services

Unconditional contributions of goods are recorded at fair value at the date of donation. Conditional contributions of goods are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the asset is recognized as unconditional.

Donated professional services that create or enhance nonfinancial assets, or require skills that would otherwise typically be purchased, are recorded as contributions at their estimated fair values when the services are rendered.

Volunteers contribute significant amounts of time to program and supporting activities that would not have otherwise been purchased by the Organization. No value has been assigned to this volunteer time.

Leases

Arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the balance sheet as both a right of use (ROU) asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease.

Lease terms are determined by assuming the exercise of renewal options that are reasonably certain. To the extent that the initial lease term of the related lease is less than the useful life of significant leasehold improvements, the Organization concludes that it is reasonably certain that a renewal option will be exercised, and thus that renewal period is included in the lease term.

Lease liabilities are increased by interest and reduced by payments each period, and the ROU asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term.

In calculating the ROU asset and lease liability, the Organization elects to combine lease and non-lease components; exclude short-term leases having initial terms of 12 months or less with no option to purchase the underlying asset that is deemed reasonably certain to be exercised and, for all leases, use a risk-free discount rate in the absence of an implicit rate.

In the case of the non-lease components requiring variable payments that are not known to the Organization until invoiced by the lessor, the payments are expensed when the invoice is received and disclosed as variable lease costs.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

Rent expense for short-term leases and leases with an annual cash outlay of less than \$10,000 is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

As of and for the year ended June 30, 2024, all of the Organization's leases were classified as short-term operating leases.

Major Donors

During 2024, the Organization had two major donors that accounted for approximately 8% of total contributions and grants.

Advertising Costs

Advertising costs (which are included in other expenses and consist primarily of direct advertisements, graphic design, promotional materials, and participation in community events) are expensed as incurred. Advertising costs, which is included in other expenses, totaled \$1,066 in 2024.

Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Except for depreciation and amortization, occupancy, and professional fees, all expenses are allocated based on an estimate of where time and efforts are made and benefits are received. Depreciation and amortization and occupancy are allocated based on estimated usage and square footage.

Fundraising Activities

The FASB defines fundraising activities as activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. A solicitation activity is considered fundraising regardless of the outcome. Fundraising activities typically include publicizing and conducting fundraising campaigns; maintaining donor mailing lists; conducting special fundraising events; preparing and distributing fundraising manuals, instructions, and other materials; conducting other activities involved with soliciting contributions from individuals, foundations, government agencies, and others; and soliciting contributions of services from individuals (i.e. time), regardless of whether those services meet the recognition criteria for contributions.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

Tax Exempt Status

The Organization has been organized as a Georgia nonprofit corporation, recognized by the IRS as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization had no unrelated business income during 2024 and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization only recognizes the tax benefit from an uncertain tax position taken or to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2024.

The Organization is subject to federal and state examinations, generally three years from the date that the returns are filed; currently there are no examinations in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to 2021.

Credit Risk and Geographic Concentration

The Organization conducts its operations within Fulton and DeKalb Counties in Georgia, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions from donors concurrently with an increase in community need for the Organization's assistance.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2024 follows:

Leasehold improvement	\$	24,800
Equipment		5,970
Vehicles		145,735
		176,505
Less accumulated depreciation		(123,748)
Property and equipment, net	\$	52,757

Depreciation expense totaled \$30,559 for 2024.

4. DEBT

During November 2020, the Organization borrowed \$28,087 for the purchase of a vehicle. This installment note payable accrues interest at 4.133% with monthly principal and interest payments of \$527. The outstanding balance is secured by the vehicle and the loan matures in November 2025. The outstanding balance for this note was \$8,972.

Scheduled maturities of the note are as follows at June 30, 2024:

2025	\$	6,098
2026		2,874
		8,972
Less current portion		(6,098)
Total long-term debt, net	\$	2,874

Interest expense related to this note totaled \$517 for 2024.

5. RELATED PARTIES AND AFFILIATES

The Organization received \$135,610 of contributions from governance members, employees, and affiliates for the year ended June 30, 2024.

6. LEASES

Lease rent expense totaled \$140,589 with \$58,691 being donated services for the year ended June 30, 2024 (see Note 9).

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

7. NET ASSETS

As of June 30, 2024, the Board has chosen to set aside \$325,000 to be drawn upon, pursuant to Board approval, in the event of special project needs, financial distress, or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

The following is a summary of unrestricted net assets as of June 30, 2024:

Undesignated	\$	750,477
Designated by the Board		325,000
Total net assets without donor restrictions	\$	1,075,477

The components of net assets with donor restrictions at June 30, 2024 were as follows:

Subject to expenditure for specific purpose:

From foundations and other donors	\$	4,500
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The following is a schedule of net assets that were released from donor restrictions for the following reason during for the year ended June 30, 2024:

Purpose restrictions accomplished:

Federal, state, and local grants	\$	947,835
Community partnerships		295,183
Foundations and other donors		227,975
Net assets released from donor restrictions	\$	1,470,993

8. LIQUIDITY AND AVAILABILITY DISCLOSURES

At June 30, 2024, the Organization held cash and cash equivalents on hand to meet approximately four months of normal operating expenditures, with average monthly cash expenditures totaling approximately \$198,200. Accordingly, the Board periodically designates a portion of the Organization's operating surplus to its liquidity reserve. As of June 30, 2024, the liquidity reserve totaled \$325,000 (see Note 7).

The Organization prepares an annual budget that is reviewed and approved by the Board in advance of the upcoming year. Periodic meetings are held by the Board to review internal financial statements and budget to actual comparisons. Management does not commit to expenditures if cash is not available to pay the expenditures immediately. As described in Note 11, subsequent to year end, management obtained a line of credit to be available for liquidity needs.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

Following is a schedule, as of June 30, 2024, reflecting the financial assets available to meet cash needs for general expenditures within one year:

Financial assets, at year end:

Cash and cash equivalents	\$ 840,033
Donor-imposed restrictions likely to be met by expenditure within one year making financial assets unavailable for general expenditure	(4,500)
Board designated liquidity reserves	(325,000)
Total	\$ 510,533

9. DONATED GOODS AND SERVICES

A summary of donated goods and services received during 2024 follows:

	Program Activities		Supporting Activities			Totals by type
	Food Programs	Homeless Services	Management and general	Fundraising		
Donated goods and services:						
Supplies	\$ 1,060,105	\$ -	\$ -	\$ -		\$ 1,060,105
Occupancy	26,998	19,368	5,282	7,043		58,691
Total	\$ 1,087,103	\$ 19,368	\$ 5,282	\$ 7,043		\$ 1,118,796

All of the donated goods and services received were utilized during 2024.

Contributed goods are valued at the level 2 estimated fair value of estimated retail values that would be received for selling identical or similar products.

Intown Collaborative Ministries, Inc. (dba Intown Cares)

Notes to the Financial Statements

For the Year Ended June 30, 2024

10. EMPLOYEE RETENTION CREDIT (ERC)

The Organization had determined that it qualified for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent amendments. The ERC is a refundable payroll tax credit for eligible employers who retained employees during the COVID-19 pandemic despite experiencing significant declines in revenue or mandated government shutdowns.

During fiscal year 2023, the Organization engaged a tax professional to review prior payroll tax filings and evaluate its eligibility for the ERC. Based on this review, the Organization determined it qualified for credits related to wages paid in 2020 and 2021. These credits were claimed by filing amended payroll tax returns (Form 941-X) in fiscal year 2023.

In accordance with U.S. GAAP, the ERC was recognized as other income in fiscal year 2023 when the following criteria were met:

- The Organization confirmed its eligibility for the credit based on applicable regulations.
- The amount of the credit was reasonably estimable.
- The filing of Form 941-X established a legally enforceable claim with the IRS, making collection probable.

As a result, the Organization recognized \$223,825 in ERC-related income during fiscal year 2023. However, during the year ended June 30, 2024, management determined that an allowance for uncollectible accounts of \$194,508 was needed due to uncertainty as to the ultimate collectibility of the receivable, thereby reducing the net amount recorded to \$29,317, which management believes to be collectible.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 14, 2025, which is the date on which the financial statements were available to be issued. In general, these events are recognized in the financial statements if the conditions existed at the date of the statement of financial position but are not recognized if the conditions did not exist at the statement of financial position date. The Organization discloses non-recognized events if required to keep the financial statements from being misleading. There were no subsequent events identified by the Organization for disclosure.

In November 2024, management obtained a line of credit from a financial institution in the amount of \$200,000, though no draws have been made on this available balance.