

DAVID G. FAW
CERTIFIED PUBLIC
ACCOUNTANT

INTER-FAITH HOUSING ALLIANCE

FINANCIAL STATEMENTS

June 30, 2016

INTER-FAITH HOUSING ALLIANCE
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(with comparative totals for the year ended June 30, 2015)

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INDEPENDENT AUDITOR'S REPORT

Officers and Directors
Inter-Faith Housing Alliance
Ambler, Pennsylvania

Report on the Financial Statements

I have audited the accompanying financial statements of Inter-Faith Housing Alliance (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

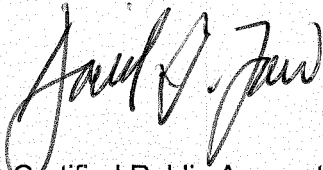
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inter-Faith Housing Alliance as of June 30, 2016, 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.

Report on Summarized Comparative Information

I have previously audited Inter-Faith Housing Alliance 2015 financial statements, and my report dated October 20, 2015 expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountant
Wayne, Pennsylvania

October 17, 2016

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF FINANCIAL POSITION
June 30, 2016
(with comparative totals as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash	\$ 99,391	\$ 175,138
Grants and contributions receivable	37,147	19,000
Prepaid expenses	604	16,074
Tenant escrow	7,115	12,298
Property and equipment, net	<u>324,309</u>	<u>31,867</u>
Total assets	<u>\$ 468,566</u>	<u>\$ 254,377</u>
<u>Liabilities</u>		
Accounts payable	5,570	2,059
Tenant escrow	7,215	12,149
Accrued expenses	-	2,125
Loan payable	<u>30,000</u>	<u>-</u>
Total liabilities	<u>42,785</u>	<u>16,333</u>
<u>Net assets</u>		
Unrestricted	407,781	98,544
Temporarily restricted	<u>18,000</u>	<u>139,500</u>
Total net assets	<u>425,781</u>	<u>238,044</u>
Total liabilities and net assets	<u>\$ 468,566</u>	<u>\$ 254,377</u>

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

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Total 2016	Total 2015
<u>Support and revenue</u>				
Annual fund	\$ 41,560	\$ -	\$ 41,560	\$ 43,666
Fundraising events	42,825	-	42,825	35,943
Less: cost of direct donor benefits	(17,817)	-	(17,817)	(19,399)
Congregations	48,682	-	48,682	54,106
Clubs and organizations	25,041	-	25,041	13,449
Corporations	10,787	-	10,787	17,926
Foundations	100,800	33,000	133,800	313,753
Government grants	50,060	-	50,060	50,728
Rental income	38,793	-	38,793	31,230
Laundry income	1,509	-	1,509	1,288
Gift of property	296,720	-	296,720	-
Donated services, food and other in-kind	123,088	-	123,088	-
Net assets released from restrictions:				
Satisfaction of program or time restrictions	<u>154,500</u>	<u>(154,500)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>916,548</u>	<u>(121,500)</u>	<u>795,048</u>	<u>542,690</u>
<u>Expenses</u>				
Program expense	489,419	-	489,419	306,556
Management and general	58,106	-	58,106	33,131
Fundraising	<u>59,786</u>	<u>-</u>	<u>59,786</u>	<u>44,453</u>
Total expenses	<u>607,311</u>	<u>-</u>	<u>607,311</u>	<u>384,140</u>
Change in net assets	309,237	(121,500)	187,737	158,550
Net assets at beginning of year	<u>98,544</u>	<u>139,500</u>	<u>238,044</u>	<u>79,494</u>
Net assets at end of year	<u>\$ 407,781</u>	<u>\$ 18,000</u>	<u>\$ 425,781</u>	<u>\$ 238,044</u>

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

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF CASH FLOWS
For the year ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 187,737	\$ 158,550
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,638	1,162
Gift of property	(295,080)	-
Changes in assets and liabilities:		
Grants and contributions receivable	(18,147)	(15,151)
Prepaid expense	15,471	(11,757)
Accounts payable	3,511	(13,340)
Accrued expenses	(2,125)	(15,367)
Tenant escrow	248	(2,029)
Deferred revenue	-	(2,388)
Net cash (used in) provided by operating activities	<u>(105,747)</u>	<u>99,680</u>
<u>Cash flows from financing activities</u>		
Proceeds from loan	<u>30,000</u>	<u>-</u>
Net cash provided by operating activities	<u>30,000</u>	<u>-</u>
	(75,747)	99,680
Cash at beginning of year	<u>175,138</u>	<u>75,458</u>
Cash at end of year	<u><u>\$ 99,391</u></u>	<u><u>\$ 175,138</u></u>

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

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

	Program Services						Total 2016	Total 2015
	Networks	Food Pantry	Hope Gardens	Hope Forest	Total Program Expenses	Management and General	Fundraising	
Salaries	\$ 89,465	\$ 30,114	\$ 38,657	\$ 24,461	\$ 182,697	\$ 27,576	\$ 18,974	\$ 171,746
Payroll tax expense	7,710	2,595	3,332	2,108	15,745	2,377	1,635	14,751
Employee benefits	254	86	110	70	520	78	54	6,077
Pension expense	1,362	458	589	372	2,781	420	289	1,163
Total salaries and related expenses	98,791	33,253	42,688	27,011	201,743	30,451	20,952	193,737
Accounting and audit	-	-	-	-	-	5,750	-	10,995
Consultants	-	-	-	-	-	-	23,760	30,019
Depreciation	1,029	347	445	281	2,102	317	219	1,162
Direct program expenses	7,553	4,229	3,758	2,696	18,236	-	-	16,168
Donated services, food and other in-kind	11,357	73,018	27,357	11,356	123,088	-	-	-
Dues and subscriptions	605	204	261	165	1,235	186	129	1,190
Equipment rental	923	311	399	252	1,885	284	196	2,085
Insurance	7,413	2,495	3,203	2,027	15,138	2,285	1,571	18,645
Janitorial	316	106	137	86	645	97	68	1,810
Office supplies and expense	10,151	3,417	4,386	2,776	20,730	3,129	2,153	24,981
Postage	560	188	242	153	1,143	172	119	1,247
Repairs and maintenance	27,716	9,329	11,976	7,578	56,599	8,543	5,877	40,902
Security	6,015	2,025	2,599	1,645	12,284	1,854	1,275	1,544
Telephone	3,092	1,041	1,336	845	6,314	953	655	8,854
Trash	1,640	552	709	448	3,349	505	348	4,205
Travel expense	5,411	1,821	2,338	1,479	11,049	1,668	1,148	3,751
Utilities	6,205	2,088	2,681	1,696	12,670	1,912	1,316	20,225
Utility and fuel assistance	534	220	265	190	1,209	-	-	2,620
Total expenses	\$ 189,311	\$ 134,644	\$ 104,780	\$ 60,684	\$ 489,419	\$ 58,106	\$ 59,786	\$ 384,140

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

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Description of Organization

Inter-Faith Housing Alliance (Inter-Faith) is a not-for-profit corporation whose mission is to serve God by providing charitable services to persons located in Montgomery County whose life situations have become unstable. These charitable services shall include homelessness prevention, temporary shelter, guidance in life skills, and assistance in locating appropriate housing opportunities thus enabling families at risk to remain in or return to independent living. Inter-Faith is funded by a variety of private grants and contributions, and to a lesser extent, government grants. Inter-Faith's current programs include:

Network:

The Inter-Faith Hospitality Network (Inter-Faith) provides shelter, meals and supportive services for Montgomery County families with children. Provided through a network of local host and buddy organizations and congregations, up to 3 families at a time are sheltered for up to 90 days.

Food Cupboard:

Inter-Faith's "Choice Pantry" located in Abington provides food to Montgomery County residents experiencing hunger as a result of poverty, reducing food insecurity and improving nutrition.

Hope Gardens:

Hope Gardens, an eight-unit transitional housing option owned and operated by Inter-Faith, is a stabilizing housing option available to families with children for up to two years to improve the transition from homelessness to self-sufficiency.

Hope Forest:

Located in the heart of Ambler, this privately operated Supportive Housing Program provides 2 families with affordable housing and a lesser degree of education and support leading to full self-sufficiency.

Note 2 - Summary of Significant Accounting Policies

Promises to Give

Contributions are recognized when the donor makes a promise to give to Inter-Faith that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Inter-Faith has no permanently restricted net assets.

Grants and Contributions Receivable

All contributions, including unconditional pledges, are reported as revenue in the net asset class (unrestricted, temporarily restricted or permanently restricted) appropriate to any donor restrictions on the gift at the time of receipt. Inter-Faith uses the allowance method to determine uncollectible grants and contributions receivable.

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Grants and Contributions Receivable (continued)

The allowance is based on prior years' experience and management's analysis of specific amounts due. All grants and contributions receivable are due within approximately one year and are expected to be fully realizable.

Contributed Services, Food and Other In-Kind

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received. The estimated fair value of donated food is based on the average wholesale value per pound of donated product type as determined by an independent annual survey.

Property and Equipment

All acquisitions of property and equipment over \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program, management and general, and fundraising categories based on specific identification. Indirect expenses have been allocated based on salary expenditures.

Statement of Cash Flows

Inter-Faith utilizes the indirect method for reporting the increase or decrease in cash and equivalents. Cash equivalents, when applicable, are defined as short term, highly liquid investments with original maturities of three months or less.

Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Inter-Faith is a not-for-profit corporation and has been recognized as exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and accordingly does not record a provision for income taxes on its related earnings. Management reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters.

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

It believes that in the event of an examination by taxing authorities, its positions would prevail based upon the technical merits of such positions. Therefore, management has concluded that no tax benefits or liabilities are required to be recognized.

Inter-Faith's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Investment in Real Estate

Inter-Faith reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. The building, known as Hope Gardens, has been written down to zero net book value in accordance with this policy.

Note 3 - Property and Equipment

As of June 30, 2016, property and equipment is as follows:

Land and Building (donated)	\$ 295,080
Building improvements	66,045
Less accumulated depreciation	<u>(36,816)</u>
Total property and equipment	<u>\$ 324,309</u>

Depreciation expense was \$2,638 for the year ended June 30, 2016.

The estimated useful lives were as follows:

Building and building improvements: 40 years

Note 4 - Retirement Plan

Inter-Faith has a 401(k) Profit Sharing Plan and Trust for the benefit of all eligible employees. Employer contributions to the Plan may be made at the discretion of the Board of Directors. Contributions for 2016 totaled \$3,490.

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 - Note Payable / Line of Credit

Valentine Foundation unsecured loan to provide funding for the renovation of Hope Forest while we generate donations to cover said renovations. Loan in the amount of \$30,000 bearing interest at 2% per annum. Principal and interest is to be paid monthly. Loan will fully amortize on April 1, 2021.

Principal payments on the note payable for the next five years are due as follows:

Year ending June 30, 2017	\$ 3,738
2018	6,511
2019	6,642
2020	6,776
2021	<u>6,333</u>
	<u>\$ 30,000</u>

Inter-Faith has available an unsecured line of credit with Ambler Savings Bank in the amount of \$50,000 which bears interest at prime. There was no outstanding balance as of June 30, 2016. This line of credit will expire on September 25, 2029.

Note 6 - Temporarily Restricted Net Assets (TRNA)

Funds classified as temporarily restricted net assets consist of the following as of June 30, 2016:

	TRNA Balance <u>6/30/2015</u>	Current <u>Additions</u>	Released From <u>Restrictions</u>	TRNA Balance <u>6/30/2016</u>
Fourjay Foundation (various purpose restrictions)	\$ 16,000	\$ -	\$ (16,000)	\$ -
Patricia Kind Foundation (Time)	10,000	-	(10,000)	-
WW Smith Charitable Trust (Boiler)	48,000	-	(48,000)	-
VNA Foundation (Education)	20,000	-	(20,000)	-
Montgomery County Foundation (Strategic Plan)	19,000	-	(19,000)	-
Balzereit Foundation (Time)	10,000	-	(10,000)	-
Connelly Foundation (Time)	7,500	-	(7,500)	-
Breaking the Cycle Foundation (Time)	9,000	-	(9,000)	-
Nelson Foundation (Time)	-	20,000	(10,000)	10,000
Genuardi Family Foundation (Time)	-	10,000	(5,000)	5,000
Montgomery County Foundation NAEH 2016 Conference	-	3,000	-	3,000
	<u>\$ 139,500</u>	<u>\$ 33,000</u>	<u>\$ (154,500)</u>	<u>\$ 18,000</u>

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 - Donated Services, Food and Other In-Kind

Inter-Faith has recognized the following contributed services, food and other in-kind as of June 30, 2016:

<u>Nature of Contribution</u>	<u>Fair Value</u>
Food	\$ 73,018
Services	16,000
Supplies	26,600
Gift Cards	7,470
	<u>\$ 123,088</u>

The amount of contributed services, food and other in-kind recognized as income equals the amount expensed. Therefore, there is no resultant effect on the change in net assets.

Note 8 - Prior Year Information

Certain financial statements contained herein include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Inter-Faith's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Note 9 - Evaluation of Subsequent Events

Inter-Faith has evaluated subsequent events through October 17, 2016, the date which the financial statements were available to be issued. No items were noted which require disclosure in the financial statements.