

DAVID G. FAW
CERTIFIED PUBLIC
ACCOUNTANT

INTER-FAITH HOUSING ALLIANCE

FINANCIAL STATEMENTS

June 30, 2013

INTER-FAITH HOUSING ALLIANCE
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(with comparative totals for the year ended June 30, 2012)

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DAVID G. FAW
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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, 2013, 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.

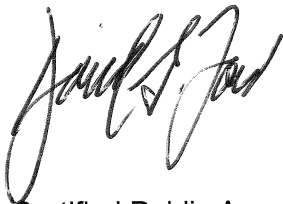
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2013, 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 2012 financial statements, and my report dated January 28, 2013 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, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "James S. Jones", is written over the printed name and title.

Certified Public Accountant
December 13, 2013

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF FINANCIAL POSITION
June 30, 2013
(with comparative totals as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash	\$ 173,748	\$ 152,307
Grants and contributions receivable	19,600	26,735
Insurance recovery	5,662	-
Prepaid expenses	3,071	3,145
Property and equipment, net of accumulated depreciation of \$31,852 in 2013 and \$28,609 in 2012	<u>34,192</u>	<u>37,436</u>
Total assets	<u><u>\$ 236,273</u></u>	<u><u>\$ 219,623</u></u>
<u>Liabilities</u>		
Accounts payable	44,949	10,664
Accrued expenses	<u>22,098</u>	<u>1,600</u>
Total liabilities	<u>67,047</u>	<u>12,264</u>
<u>Net assets</u>		
Unrestricted	150,226	187,859
Temporarily restricted	<u>19,000</u>	<u>19,500</u>
Total net assets	<u>169,226</u>	<u>207,359</u>
Total liabilities and net assets	<u><u>\$ 236,273</u></u>	<u><u>\$ 219,623</u></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, 2013
(with comparative totals for the year ended June 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total all funds 2013</u>	<u>Total all funds 2012</u>
<u>Support and revenue</u>				
Annual fund	\$ 56,263	\$ -	\$ 56,263	\$ 90,677
Fundraising events	42,570	-	42,570	44,390
Less: cost of direct donor benefits	(15,218)	-	(15,218)	(11,383)
Congregations	57,297	-	57,297	36,327
Clubs and organizations	16,230	-	16,230	11,100
Corporations	16,100	-	16,100	34,085
Foundations	70,000	19,000	89,000	91,400
Government grants	47,566	-	47,566	36,892
Rental income	21,622	-	21,622	711
Laundry income	1,109	-	1,109	-
Net assets released from restrictions:				
Satisfaction of program or time restrictions	19,500	(19,500)	-	-
Total support and revenue	<u>333,039</u>	<u>(500)</u>	<u>332,539</u>	<u>334,199</u>
<u>Expenses</u>				
Program expense	266,379	-	266,379	246,715
Management and general	57,467	-	57,467	55,961
Fundraising	35,912	-	35,912	39,791
Total expenses	<u>359,758</u>	<u>-</u>	<u>359,758</u>	<u>342,467</u>
Change in net assets, before loss due to fire	(26,719)	(500)	(27,219)	(8,268)
Loss due to fire	(10,914)	-	(10,914)	-
Change in net assets, after loss due to fire	(37,633)	(500)	(38,133)	(8,268)
Net assets at beginning of year	187,859	19,500	207,359	215,627
Net assets at end of year	<u>\$ 150,226</u>	<u>\$ 19,000</u>	<u>\$ 169,226</u>	<u>\$ 207,359</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, 2013
(with comparative totals for the year ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (38,133)	\$ (8,268)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,243	4,741
Changes in assets and liabilities:		
Grants and contributions receivable	(5,662)	11,519
Insurance recovery	7,137	
Prepaid expense	74	(1,266)
Accounts payable	34,284	9,866
Accrued expenses	20,498	300
Net cash provided by operating activities	<u>21,441</u>	<u>16,892</u>
Net increase in cash	21,441	16,892
Cash at beginning of year	<u>152,307</u>	<u>135,415</u>
Cash at end of year	<u><u>\$ 173,748</u></u>	<u><u>\$ 152,307</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, 2013
(with comparative totals for the year ended June 30, 2012)

	Program Services					Management and General		Fundraising	Total 2013	Total 2012
	Hospitality Networks	Hot Line	Graduate Housing	Hope Gardens Transitional	Total Program Expenses					
Salaries	\$ 61,370	\$ 7,477	\$ 7,477	\$ 53,668	\$ 129,992	\$ 18,693	\$ 18,693	\$ 18,693	\$ 167,378	\$ 160,896
Payroll tax expense	6,089	742	742	5,325	12,898	1,855	1,855	1,855	16,608	16,789
Employee benefits	4,477	546	546	3,916	9,485	1,364	1,364	1,364	12,213	11,417
Pension expense	858	105	105	750	1,818	261	261	261	2,340	3,065
Total salaries and related expenses	72,794	8,870	8,870	63,659	154,193	22,173	22,173	22,173	198,539	192,167
Accounting and audit	-	-	-	-	-	18,961	-	-	18,961	15,568
Depreciation	888	-	-	1,700	2,588	655	-	-	3,243	4,741
Direct fundraising expense	-	-	-	-	-	-	-	3,069	3,069	6,657
Direct program supplies	5,181	568	568	4,078	10,395	-	-	-	10,395	5,196
Dues and subscriptions	82	-	-	117	199	360	-	69	628	2,243
Equipment rental	634	77	77	554	1,342	193	-	193	1,728	1,285
Insurance	2,357	1,572	1,572	2,357	7,858	3,929	-	3,929	15,716	16,690
Janitorial	1,320	161	161	1,154	2,796	402	-	402	3,600	700
Office supplies and expense	2,505	-	-	1,541	4,046	2,870	-	1,540	8,456	7,417
Parenting/counseling	7,939	-	-	9,770	17,709	-	-	-	17,709	16,231
Postage	434	183	183	376	1,176	459	-	459	2,094	2,035
Real estate tax	2,318	283	283	2,028	4,912	706	-	706	6,324	-
Rental assistance	489	650	209	488	1,836	-	-	-	1,836	4,693
Repairs and maintenance	8,262	1,007	1,007	7,225	17,501	2,516	-	2,516	22,533	45,877
Security	478	58	58	417	1,011	145	-	145	1,301	-
Shelter	-	1,731	-	-	1,731	-	-	-	1,731	2,843
Strategic planning	-	-	-	-	-	-	-	-	-	720

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, 2013
(with comparative totals for the year ended June 30, 2012)

	Program Services						Total 2012
	Hospitality Networks	Hot Line	Graduate Housing	Hope Gardens Transitional	Total Program Expenses	Management and General	
Telephone	\$ 2,504	\$ 835	\$ -	\$ 2,051	\$ 5,390	\$ 2,057	\$ 7,447
Transportation assistance	-	23	-	-	23	-	23
Trash	2,335	285	285	2,042	4,947	711	6,369
Travel expense	640	-	-	269	909	1,330	2,239
Utilities - housing	-	-	-	14,830	14,830	-	14,830
Utility and fuel assistance	-	6,967	-	-	6,967	-	6,967
Web site	2,003	220	220	1,577	4,020	-	4,020
Total expenses	\$ 113,163	\$ 23,490	\$ 13,493	\$ 116,233	\$ 266,379	\$ 57,467	\$ 342,467
						\$ 35,912	\$ 359,758

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

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 - Description of Organization

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. The Organization's current programs include:

Network: The Inter-Faith Hospitality Network (IHN) provides short-term emergency housing and services for homeless families in Central Montgomery County, through the cooperation of local congregations.

Hotline: Inter-Faith operates an emergency hotline to help prevent homelessness by providing short-term emergency assistance. Callers are provided with utility assistance, rental assistance, emergency shelter, or referrals to other appropriate social service agencies.

Transitional: Inter-Faith owns an eight-unit apartment building, Hope Gardens, which provides a transitional step between shelter and permanent housing for those families who successfully meet their goals in the Network. Families in the transitional program continue receiving intensive support services.

Graduate Housing: Inter-Faith refers graduates of its transitional program to become tenants in a variety of other subsidized housing programs. Case management and limited financial assistance is available for one year.

Note 2 - Summary of Significant Accounting Policies

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization 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. The Organization has no permanently restricted net assets.

Grants and Contributions Receivable/Unconditional Promises to Give

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. The Organization uses the allowance method to determine uncollectible grants and contributions receivable. 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.

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Contributed Services

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. No amounts have been reported in the accompanying financial statements because the criteria for recognition have not been satisfied.

Property and Equipment

Property and equipment are stated at cost if purchased and fair market value (at time of donation) if donated and depreciated on the straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the books and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred, whereas costs of significant replacements and improvements are capitalized and amortized over the periods benefited. The Organization follows the practice of capitalization, at cost, all expenditures for property and equipment in excess of \$1,000.

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.

Financial Instruments

The carrying amount of cash, grants and contributions receivable, prepaid expenses, payables and accruals approximate fair value due to their short-term nature.

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.

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization 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. The Organization regularly 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. 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, the Organization has concluded that no tax benefits or liabilities are required to be recognized.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Note 3 - Property and Equipment

The major classifications and estimated useful lives used in computing depreciation as of June 30, 2013 are as follows:

		<u>Estimated Useful Lives</u>
Building improvements	\$ 66,045	5 - 40 years
Less accumulated depreciation	<u>(31,853)</u>	
	<u>\$ 34,192</u>	

Depreciation expense for the year ended June 30, 2013 was \$3,243.

Note 4 - Purchase of Hope Gardens

On May 2, 2012 Inter-Faith purchased for \$10,000 the land and building known as Hope Gardens located at 31 South Spring Garden Street in Ambler. The property was formerly owned by a limited partnership in which Inter-Faith had a 49% interest. The partnership is now terminated. The eight-unit apartment building has always been a part of Inter-Faith's transitional housing programming as described in Note 1. Inter-Faith now owns the building directly and continues to manage and maintain the property consistent with its mission.

Note 5 - 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 2013 totaled \$2,340.

INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6 - Temporarily Restricted Net Assets (TRNA)

Funds classified as temporarily restricted net assets consist of the following as of June 30, 2013:

	TRNA Balance <u>6/30/2012</u>	Current Additions	Released From Restrictions	TRNA Balance <u>6/30/2013</u>
Claneil Foundation (time)	\$ 7,000	\$ -	\$ (7,000)	\$ -
Connelly Foundation (time)	12,500	-	(12,500)	-
The Philadelphia Foundation (Housing Feasibility Study)	-	16,000	-	16,000
The Rowell Trust II (time)	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
	<u>\$ 19,500</u>	<u>\$ 19,000</u>	<u>\$ (19,500)</u>	<u>\$ 19,000</u>

Note 7 - 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 the organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Note 8 - Reclassifications

Certain amounts for 2012 have been reclassified to conform with the 2013 presentations.

Note 9 - Loss Due to Fire

On April 23, 2013 two apartments in the building known as Hope Gardens (see note 4) were damaged by fire and subsequent water damage. The costs of repair and replacement were in excess of the insurance recovery by \$10,914.

Note 10 - Evaluation of Subsequent Events

Inter-Faith has evaluated subsequent events through December 13, 2013, the date which the financial statements were available to be issued. No items were noted which require disclosure in the financial statements.