

**DAVID G. FAW**  
CERTIFIED PUBLIC  
ACCOUNTANT

**INTER-FAITH HOUSING ALLIANCE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**INTER-FAITH HOUSING ALLIANCE  
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FOR THE YEAR ENDED JUNE 30, 2019  
(with comparative totals for the year ended June 30, 2018)**

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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, 2019, 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, 2019, 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 2018 financial statements, and my report dated September 20, 2018 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to read "Joel R. W.", is positioned above the printed name and title of the accountant.

Certified Public Accountant  
King of Prussia, Pennsylvania

September 12, 2019

**INTER-FAITH HOUSING ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**(with comparative totals as of June 30, 2018)**

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and equivalents	\$ 258,318	\$ 129,526
Grants and contributions receivable	34,726	14,826
Prepaid expenses	1,464	5,461
Tenant escrow	9,872	12,046
Property and equipment, net	<u>303,117</u>	<u>310,181</u>
Total assets	<u>\$ 607,497</u>	<u>\$ 472,040</u>
<u>Liabilities</u>		
Accounts payable	4,459	6,601
Tenant escrow	9,872	12,046
Accrued expenses	3,313	2,145
Loan payable	<u>11,988</u>	<u>18,653</u>
Total liabilities	<u>29,632</u>	<u>39,445</u>
<u>Net assets</u>		
Without donor restrictions		
Operating	422,045	412,283
Building preservation fund	70,075	-
Program growth fund	<u>30,032</u>	<u>-</u>
Total net assets without donor restrictions	522,152	412,283
With donor restrictions	<u>55,713</u>	<u>20,312</u>
Total net assets	<u>577,865</u>	<u>432,595</u>
Total liabilities and net assets	<u>\$ 607,497</u>	<u>\$ 472,040</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, 2019**  
(with comparative totals for the year ended June 30, 2018)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2019</b>	<b>Total 2018</b>
<u>Support and revenue</u>				
Annual fund	\$ 74,536	\$ 320	\$ 74,856	\$ 80,318
Fundraising events	62,990	-	62,990	53,534
Less: cost of direct donor benefits	(19,268)	-	(19,268)	(16,126)
Congregations	64,166	2,600	66,766	64,987
Corporations	32,309	-	32,309	27,376
Foundations	259,194	83,000	342,194	148,458
Government grants	52,077	-	52,077	58,664
Rental income	61,920	-	61,920	58,739
Laundry income	1,818	-	1,818	1,512
Interest income	107	-	107	-
Donated services, food, shelter and other in-kind	332,198	-	332,198	206,589
Net assets released from restrictions	50,519	(50,519)	-	-
Total support and revenue	972,566	35,401	1,007,967	684,051
<u>Expenses</u>				
Program expense	759,060	-	759,060	603,896
Management and general	43,356	-	43,356	42,095
Fundraising	60,281	-	60,281	59,068
Total expenses	862,697	-	862,697	705,059
Change in net assets	109,869	35,401	145,270	(21,008)
Net assets at beginning of year	412,283	20,312	432,595	453,603
Net assets at end of year	<u>\$ 522,152</u>	<u>\$ 55,713</u>	<u>\$ 577,865</u>	<u>\$ 432,595</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, 2019**  
**(with comparative totals for the year ended June 30, 2018)**

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 145,270	\$ (21,008)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,064	7,064
Changes in assets and liabilities:		
Grants and contributions receivable	(19,900)	(8,888)
Prepaid expenses	3,997	(3,225)
Accounts payable	(2,142)	4,924
Accrued expenses	<u>1,168</u>	<u>(2,607)</u>
Net cash provided by (used in) operating activities	<u>135,457</u>	<u>(23,740)</u>
<u>Cash flows from financing activities</u>		
Payments on loan	<u>(6,665)</u>	<u>(6,533)</u>
Net cash used in financing activities	<u>(6,665)</u>	<u>(6,533)</u>
Net increase (decrease) in cash	128,792	(30,273)
Cash and equivalents at beginning of year	<u>129,526</u>	<u>159,799</u>
Cash and equivalents at end of year	<u><u>\$ 258,318</u></u>	<u><u>\$ 129,526</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, 2019**  
(with comparative totals for the year ended June 30, 2018)

	<b>Program Expenses</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2019</b>	<b>Total 2018</b>
Salaries	\$ 211,228	\$ 20,886	\$ 23,381	\$ 255,495	\$ 234,572
Payroll tax expense	21,936	2,169	2,428	26,533	24,569
Pension expense	4,296	425	475	5,196	4,430
Employee benefits	-	-	-	-	917
Total salaries and related expenses	237,460	23,480	26,284	287,224	264,488
Accounting and audit	-	6,500	-	6,500	6,000
Consultants	10,768	-	19,020	29,788	51,181
Depreciation	5,840	577	647	7,064	7,064
Direct program expenses	41,950	-	-	41,950	47,787
Donated services, food, shelter and other in-kind	332,198	-	-	332,198	206,589
Dues and subscriptions	2,603	257	289	3,149	1,940
Equipment rental	1,586	157	175	1,918	1,329
Insurance	13,005	1,286	1,440	15,731	16,406
Janitorial	1,479	146	164	1,789	377
Office supplies and expense	18,630	1,842	2,062	22,534	20,133
Postage	2,382	236	263	2,881	2,173
Professional development	3,482	344	386	4,212	4,269
Repairs and maintenance	58,023	5,737	6,423	70,183	40,464
Security	-	-	-	-	1,268
Telephone	5,923	586	655	7,164	6,107
Trash	3,696	365	409	4,470	4,500
Travel expense	2,026	200	225	2,451	803
Utilities	16,616	1,643	1,839	20,098	20,086
Utility and fuel assistance	1,393	-	-	1,393	2,095
Total expenses	<u>\$ 759,060</u>	<u>\$ 43,356</u>	<u>\$ 60,281</u>	<u>\$ 862,697</u>	<u>\$ 705,059</u>

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



**INTER-FAITH HOUSING ALLIANCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

Note 1 - Description of Organization

Inter-Faith Housing Alliance (Inter-Faith) is a not-for-profit corporation whose mission is to empower vulnerable Montgomery County families to achieve and maintain self-sufficiency through effective community based programs that bridge homelessness and independence. 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 (IHN) provides shelter, meals and supportive services for Montgomery County families with children. Provided through a network of local host and buddy organizations and congregations, 3 families at a time are sheltered for 30-120 days.

Food Cupboard:

Inter-Faith's "Choice Pantry" located in Roslyn 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 program 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 support services helping families on their journey to self-sufficiency.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of Inter-Faith have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Inter-Faith to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Inter-Faith's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Inter-Faith or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**INTER-FAITH HOUSING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

Note 2 - Summary of Significant Accounting Policies (continued)

Sub-Categories of Net Assets without Donor Restrictions

In order to illustrate a more accurate representation of Inter-Faith's discretionary funds, two new sub-categories of net assets without donor restrictions has been added for the current audit year, the Building Preservation Fund and a Fund for Program Growth. A separate Vanguard account was established to hold the balances effective in January 2019.

Grants and Contributions Receivable

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 future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (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 statements of activities as net assets released from restrictions.

Contributed Services, Food, Shelter 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 and certain other in-kind items 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.

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 an initial maturity of three months or less.

**INTER-FAITH HOUSING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Income Taxes

Inter-Faith is a not-for-profit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for Federal or state income taxes is included in these financial statements. Inter-Faith follows the income tax standard for uncertain tax positions. Should the tax-exempt status be challenged in the future, Inter-Faith's last three tax years are open for examination by the IRS.

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 these estimates, and these differences could be material.

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.

Compensated Absences

Employees of Inter-Faith are entitled to paid time off, depending upon job classification. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. Inter-Faith's policy is to recognize the costs of compensated absences when actually paid to employees.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Inter-Faith has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**INTER-FAITH HOUSING ALLIANCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

Note 3 - Property and Equipment

As of June 30, 2019, property and equipment is as follows:

Land and Building (donated)	\$ 295,080
Building improvements	66,045
Less accumulated depreciation	<u>(58,008)</u>
Total property and equipment	<u>\$ 303,117</u>

Depreciation expense was \$7,064 for the year ended June 30, 2019.

The estimated useful lives were as follows:

- Building and building improvements: 40 years

Note 4 - Concentration of Credit Risk

Inter-Faith maintains a temporary cash investment with Vanguard which is not insured by the Federal Deposit Insurance Corporation. Uninsured risk at June 30, 2019 was \$100,107. Management believes that it is not exposed to any significant credit risk on its cash account.

Note 5 - Retirement Plan

Inter-Faith has a Simple IRA Plan 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 2019 totaled \$5,196.

Note 6 - 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 original 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 due as follows:

Year ending June 30, 2020	\$ 6,799
2021	<u>5,189</u>
	<u>\$ 11,988</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, 2019. This line of credit will expire on September 25, 2029.

**INTER-FAITH HOUSING ALLIANCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

Note 7 - Program Services

Program services expenses have been summarized in the statement of activities and functional expenses as of June 30, 2019. The detail is as follows:

Networks	\$ 186,600
Food Pantry	290,759
Hope Gardens	184,701
Hope Forest	<u>97,000</u>
Total program services	<u>\$ 759,060</u>

Note 8 - Net Assets with Donor Restrictions

	Balance 6/30/2018	Additions	Released or Reclassified from Restrictions	Balance 6/30/2019
Various (Transportation)	\$ 7,777	\$ -	\$ (1,625)	\$ 6,152
Others (Various Programs)	535	4,320	(1,105)	3,750
Various (Hope Gardens/Forest)	12,000	1,600	(12,089)	1,511
W.W. Smith Charitable Trust (Doors)	-	40,000	(20,000)	20,000
Connelly Foundation (Time))	-	20,000	(10,000)	10,000
Rockefeller Philanthropy (Survey)	-	5,000	-	5,000
HealthSpark Foundation (Shared Housing)	<u>-</u>	<u>15,000</u>	<u>(5,700)</u>	<u>9,300</u>
	<u>\$ 20,312</u>	<u>\$ 85,920</u>	<u>\$ (50,519)</u>	<u>\$ 55,713</u>

Note 9 - Donated Services, Food, Shelter and Other In-Kind

Inter-Faith has recognized the following contributed services, food, shelter and other in-kind as of June 30, 2019:

<u>Nature of Contribution</u>	<u>Fair Value</u>
Food	\$ 181,413
Clothing and household supplies	60,387
Shelter space	70,490
Meals	<u>19,908</u>
	<u>\$ 332,198</u>

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

**INTER-FAITH HOUSING ALLIANCE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

Note 10 - Availability and Liquidity

The following represents the Inter-Faith's current financial assets at June 30, 2019:

Cash and equivalents	\$ 258,318
Grants and contributions receivable	<u>34,726</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 293,044</u>

Inter-Faith has been able to maintain financial assets to meet approximately 7 months of operating expenses. As part of its liquidity plan, excess cash may in the future be invested in short-term investments, including money market accounts

Note 11 - 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, 2018, from which the summarized information was derived.

Note 12 - Evaluation of Subsequent Events

Inter-Faith has evaluated subsequent events through September 12, 2019, the date which the financial statements were available to be issued. No items were noted which require disclosure in the financial statements.