

INTER-FAITH HOUSING ALLIANCE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)



**INTER-FAITH HOUSING ALLIANCE
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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Inter-Faith Housing Alliance
Ambler, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Inter-Faith Housing Alliance (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Inter-Faith Housing Alliance

Opinion

In our 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, 2020, 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

The prior year summarized comparative information has been derived from Inter-Faith's Housing Alliance's June 30, 2019 financial statements that were audited by other auditors, and, in the other auditor's report dated September 12, 2019, they expressed an unmodified opinion on the financial statements.

J. Miller & Associates, LLC

Philadelphia, Pennsylvania
October 13, 2020

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 496,769	\$ 258,318
Grants and contributions receivable	69,457	34,726
Prepaid expenses	1,250	1,464
Tenant escrow	20,962	9,872
Property and equipment, net	388,484	339,917
TOTAL ASSETS	\$ 976,922	\$ 644,297
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 7,791	\$ 4,459
Tenant escrow	22,462	9,872
Accrued payroll	7,532	-
Accrued expenses	2,475	3,313
Loans payable	59,741	11,988
TOTAL LIABILITIES	100,001	29,632
NET ASSETS		
Without donor restrictions		
Operating	516,964	458,845
Building preservation fund	240,075	70,075
Program growth fund	60,032	30,032
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	817,071	558,952
With donor restrictions	59,850	55,713
TOTAL NET ASSETS	876,921	614,665
TOTAL LIABILITIES AND NET ASSETS	\$ 976,922	\$ 644,297

See accompanying Notes to Financial Statements.

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE AND SUPPORT				
Government Grants	\$ 76,251	\$ 40,000	\$ 116,251	\$ 52,077
Contributions	275,520	58,060	333,580	171,719
Foundation grants	254,673	-	254,673	342,194
Rental income	59,887	-	59,887	61,920
Interest income	1,522	-	1,522	107
Donated services, food, shelter and other	491,216	-	491,216	334,410
Fundraising events, net of direct cost to donors	34,880	-	34,880	43,722
Miscellaneous income	1,700	-	1,700	1,818
Net assets released from donor restrictions	93,923	(93,923)	-	-
Total Revenue and Support	<u>1,289,572</u>	<u>4,137</u>	<u>1,293,709</u>	<u>1,007,967</u>
EXPENSES				
Program	931,457	-	931,457	722,260
Management and general	52,480	-	52,480	43,356
Fundraising	47,516	-	47,516	60,281
Total Expenses	<u>1,031,453</u>	<u>-</u>	<u>1,031,453</u>	<u>825,897</u>
Change in Net Assets Without Donor Restrictions	258,119	4,137	262,256	182,070
Net Assets, Beginning of Year	<u>558,952</u>	<u>55,713</u>	<u>614,665</u>	<u>432,595</u>
Net Assets, End of Year	<u><u>\$ 817,071</u></u>	<u><u>\$ 59,850</u></u>	<u><u>\$ 876,921</u></u>	<u><u>\$ 614,665</u></u>

See accompanying Notes to Financial Statements.

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

Description	Program Services	Management and General	Fundraising	Total Expenses 2020	Total Expenses 2019
Salaries	\$ 224,335	\$ 30,317	\$ 20,188	\$ 274,840	\$ 255,495
Payroll taxes	21,879	2,935	1,868	26,682	26,533
Employee benefits	4,407	591	376	5,374	5,196
Consultants	8,835	-	18,551	27,386	29,788
Direct program expense	48,477	-	-	48,477	40,069
Donated services, food, shelter and other	489,520	-	-	489,520	332,198
Dues and subscriptions	2,950	-	-	2,950	3,149
Equipment rental	1,367	293	293	1,953	1,918
Insurance	17,539	1,334	191	19,064	15,731
Janitorial	6,692	68	-	6,760	1,789
Office supplies and expense	25,041	5,366	5,366	35,773	25,631
Professional development	315	315	158	788	4,212
Professional fees	-	9,793	-	9,793	8,586
Repairs and maintenance	29,609	-	-	29,609	33,383
Security	11,965	-	-	11,965	972
Telephone	6,193	831	525	7,549	7,164
Trash	4,388	44	-	4,432	4,470
Travel expense	-	593	-	593	2,451
Utilities	17,283	-	-	17,283	20,098
Depreciation	10,662	-	-	10,662	7,064
Total	\$ 931,457	\$ 52,480	\$ 47,516	\$ 1,031,453	\$ 825,897

INTER-FAITH HOUSING ALLIANCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 262,256	\$ 145,270
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,662	7,064
Decrease (Increase) in Assets:		
Grants and contributions receivable	(34,731)	(19,900)
Prepaid expenses	214	3,997
Tenant escrow	(11,090)	-
Increase (Decrease) in liabilities:		
Accounts payable	3,332	(2,142)
Tenant escrow	12,590	-
Accrued payroll	7,532	-
Accrued expenses	(838)	1,168
Net cash provided by operating activities	249,927	135,457
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(59,229)	-
Net cash used by investing activities	(59,229)	-
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	53,400	-
Payments on loans payable	(5,647)	(6,665)
Net cash provided by (used in) investing activities	47,753	(6,665)
 NET INCREASE IN CASH	238,451	128,792
 Cash and cash equivalents - Beginning of Year	258,318	129,526
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 496,769	\$ 258,318

See accompanying Notes to Financial Statements.

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 1 ORGANIZATION

Inter-Faith Housing Alliance (“Inter-Faith”) is a nonprofit 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 and supported by a variety of private grants and contributions, the faith community, and government grants. Inter-Faith is a member of Family Promise National and is its own separate 501(c)3 entity.

Network:

The Inter-Faith Hospitality Network provides shelter, food, crisis intervention, and case management for Montgomery County families with children who are experiencing homelessness. This program is provided in partnership with the faith community.

Hope Gardens:

Hope Gardens is an eight-unit housing program that supports families with children in securing and maintaining permanent housing and access to benefits.

Hope Forest:

Hope Forest is a two-unit housing program that supports families with children in securing and maintaining permanent housing and access to benefits, with lighter support.

Food Cupboard:

The Inter-Faith Food Cupboard located in Roslyn provides food to Montgomery County families experiencing food insecurity. The Cupboard is an integral component of the comprehensive support we provide to advance our mission of helping vulnerable families re-gain and maintain their stability.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Inter-Faith prepares its financial statements in accordance with accounting principles generally accepted in the United States of America which involve the application of the accrual basis of accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Financial Statement Presentation

To ensure the observance of limitations and restrictions on the use of resources available to Inter-Faith its net assets and revenues have been reported according to the following classifications:

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and may be used for any purpose in performing the primary objectives of Inter-Faith. These net assets may be used at the discretion of Inter-Faith’s management and the board of directors and are considered net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions or law. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. These donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Comparative Information

The summarized comparative information presents amounts in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Inter-Faith’s financial statements for the year ended June 30, 2019 from which the summarized information was derived.

Grant and Contributions Receivable

Grant and contributions receivable are stated at the amount management expects to collect from outstanding balances. It is Inter-Faith's policy to charge off uncollectible grants and contributions receivable when management determines that the grants and contributions receivable will not be collectible. As of June 30, 2020, management has determined that no allowance for doubtful accounts is necessary.

Cash and Cash Equivalents

Inter-Faith considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment and Depreciation

Furniture and equipment are recorded at cost, or if received as a gift, at fair value when acquired. Depreciation is computed on the straight-line basis over the estimated useful lives, which range from five to forty years. When items of furniture and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Maintenance and repairs are charged to expense as incurred; major renewals and betterments with a cost in excess of \$5,000 are capitalized.

Functional Allocation of Expenses

The statement of functional expenses reports certain categories of expenses that are attributable to Inter-Faith's program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses that are allocated include payroll, payroll taxes, and benefits which are allocated on the basis of time and effort as well as janitorial, trash, and utilities which are allocated based on square footage. Directly identifiable expenses, such as repairs and maintenance, professional development, and travel are charged to program and supporting services based upon invoices received. Management and general expenses include those expenses that are not directly identifiable with any other specific function and provide for the overall support and direction of Inter-Faith.

Income Taxes

Inter-Faith is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, there is no provision for income taxes in the accompanying financial statements. Inter-Faith follows the accounting guidance for uncertain tax positions. Inter-Faith believes that it has appropriate support for any tax position taken and as such, does not have any uncertain tax positions that are material to the financial statements.

Impairment

Inter-Faith reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. For assets held and used, if management's estimate of the aggregate future cash flows to be generated by the property, undiscounted and without interest charges, by the rental property and any estimated proceeds from the eventual disposition of the real estate are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated cash flows could impact the determination of whether impairment exists. The building known as Hope Gardens has been written down to zero net book value in accordance with this policy.

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain 2019 amounts have been reclassified to conform with the 2020 financial statement presentation.

Recent Accounting Pronouncements Not Yet Adopted

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," which outlined a single comprehensive model to use for accounting for revenue arising from customers and superseded nearly all existing accounting principles generally accepted in the United States of America ("GAAP") revenue recognition guidance, including industry-specific guidance. The core principle of the standard is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which the Inter-Faith expects to be entitled in exchange for those good or services. The standard requires significantly expanded disclosures about revenue recognition and is effective for fiscal years beginning after December 15, 2019. Inter-Faith is in the process of implementing the provisions of ASU 2014-09 and has not yet determined the impact on the financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)." The primary objective of the standard is to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset. The standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. Inter-Faith is currently evaluating the standard and its impact on the financial statements.

NOTE 3 CONCENTRATION OF CREDIT RISK

Inter-Faith maintains its cash balances in two financial institutions located in Montgomery County, Pennsylvania. Accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor. At various times during the year the bank balances may exceed the FDIC limit. As of June 30, 2020, Inter-Faith had no uninsured cash balances.

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2020:

Land and building	\$	295,080
Building improvements		157,074
Vehicle		5,000
		457,154
Less: Accumulated depreciation		(68,670)
Total Property and Equipment, net	\$	388,484

NOTE 5 LIQUIDITY AND AVAILABILITY

The following represents Inter-Faith’s financial assets at June 30, 2020:

Financial assets, at year-end		
Cash and cash equivalents	\$	496,769
Grants and contributions receivable		69,457
Total financial assets		566,226
Less amounts not available to be used in one year		-
Financial assets available to meet cash needs for general expenditure within one year	\$	566,226

Inter-Faith regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. Inter-Faith typically maintains its financial assets in cash with a goal of having funds available when needed.

NOTE 6 LINE OF CREDIT

Inter-Faith has available an unsecured line of credit in the amount of \$50,000 which bears interest at the prime rate. There was not outstanding balance at June 30, 2020. This line of credit expires on September 25, 2029.

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 7 LOANS PAYABLE

Loan in the amount of \$30,000 from the Valentine Foundation to provide unsecured funding for renovations at Hope Forest. The loan bears interest at 2% with principal and interest to be paid at \$581 per month. In April 2020 the Valentine Foundation suspended payments due to the pandemic. Management is uncertain as to when payments for this loan will resume.

\$ 6,341

On April 7, 2020, Inter-Faith obtained a Paycheck Protection Program ("PPP") loan in the amount of \$53,400 from the United States Small Business Administration. Interest on the loan may be charged at 1%. PPP loans were authorized by Congress in an effort to aid entities during the pandemic. The loan is subject to forgiveness if Inter-Faith has sufficient payroll, utilities, and other specified expenses. There are no payments due on the loan for six months (October 15, 2020) unless the loan is forgiven.

53,400
\$ 59,741

Principal payments on loans payable are due as follows:

<u>Year ending</u>	
6/30/2021	\$ 59,741

NOTE 8 DONATED SERVICES, FOOD, SHELTER AND OTHER IN-KIND

Inter-Faith has recognized the following donated services, food, shelter and other in-kind as of June 30, 2020:

Food and meals	\$ 324,067
Clothing and household items	56,279
Shelter space	72,380
Other	3,435
Food cupboard space	33,360
	<u>\$ 489,521</u>
Investments	1,695
	<u>\$ 491,216</u>

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 9 NET ASSETS

Net assets with donor restrictions as of June 30, 2020 consist of the following:

Purpose or time restriction:	
Family support	\$ 15,643
Building maintenance	3,068
Listen 4 good	1,139
Rental assistance	40,000
	<u>\$ 59,850</u>

Net assets released from donor restrictions were as follows for the year ended June 30, 2020:

Family support	\$ 12,257
Building maintenance	36,043
Listen 4 good	3,861
Rental assistance	10,000
Research project	9,300
Fuel assistance	2,500
Transportation	6,152
Capacity building and census	13,810
	<u>\$ 93,923</u>

NOTE 10 PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2020, there was a change in financial policy to begin capitalizing improvements on an impaired property. Since some current year improvements began in the prior year, the following prior year adjustment was made.

Balance at June 30, 2019, as previously reported	\$ 577,865
Prior period adjustment for building improvements	36,800
Balance at June 30, 2019, as restated	<u>\$ 614,665</u>

NOTE 11 RETIREMENT PLAN

Inter-Faith has a SIMPLE IRA for the benefit of its eligible employees. Inter-Faith's contribution expense for the year ended June 30, 2020 was \$5,374 .

**INTER-FAITH HOUSING ALLIANCE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 12 PROGRAM SERVICES

Program services expenses have been summarized in the statement of activities and functional expenses as of June 30, 2020. The detail is as follows:

Network	\$ 204,921
Food pantry	400,527
Housing programs	270,123
Community support	55,886
	<u>\$ 931,457</u>

NOTE 13 SUBSEQUENT EVENTS

Inter-Faith has evaluated subsequent events through October 13, 2020 the date which the financial statements were available to be issued.