



# Interfaith Outreach Home, Inc.

(A Non-Profit Organization – Doraville, Georgia)

## Audit Report

Year ending December 31, 2018 and 2017

# Interfaith Outreach Home, Inc.

(A Non-Profit Organization – Doraville, Georgia)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Interfaith Outreach Homes, Inc.

We have audited the accompanying financial statements of Interfaith Outreach Home, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Outreach Home, Inc. as of June 30, 2018 and 2017, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Hastetter & Coenen LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
December 13, 2019



Interfaith Outreach Home, Inc.  
Statements of Financial Position  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 392,303	\$ 229,957
Accounts Receivable (Net)	16,136	300
Other Current Assets		
Total Current Assets	<u>408,439</u>	<u>230,257</u>
Property and Equipment		
Property and Equipment	520,272	517,193
Accumulated Depreciation	<u>-470,348</u>	<u>-451,059</u>
Total Property and Equipment	<u>49,924</u>	<u>66,134</u>
Other Assets		
Investments	<u>119,464</u>	<u>124,287</u>
Total Other Assets	<u>119,464</u>	<u>124,287</u>
TOTAL ASSETS	<u><u>577,827</u></u>	<u><u>420,678</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	<u>4,629</u>	<u>5,604</u>
Total Liabilities	<u>4,629</u>	<u>5,604</u>
Equity		
Unrestricted Net Assets	573,198	415,074
Temporarily Restricted Net Assets	<u>0</u>	<u>0</u>
Total Net Assets	<u>573,198</u>	<u>415,074</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 577,827</u></u>	<u><u>\$ 420,678</u></u>

INTERFAITH OUTREACH HOME, INC.  
STATEMENT OF ACTIVITIES  
Years Ended December 31, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support, revenue and reclassifications						
Contributions	\$ 243,026	\$ 0	\$ 243,026	\$ 246,501	\$ 0	\$ 246,501
Non-Governmental grants	127,675		127,675	65,160		65,160
Resident Fees	20,439		20,439	24,134		24,134
Investment Income	-3,894		-3,894	12,451		12,451
Miscellaneous	22,205		22,205	2,266		2,266
Special Events						0
Income	43,726		43,726	35,655		35,655
Less Expenses	-11,486		-11,486	-4,767		-4,767
Total Public Support, Revenue and Reclassifications	<u>441,691</u>	<u>0</u>	<u>441,691</u>	<u>381,400</u>	<u>0</u>	<u>381,400</u>
Expense			0			0
Program Expenses	197,308	0	197,308	191,961	0	191,961
Administrative Expenses	62,796		62,796	62,817		62,817
Fundraising Expenses	<u>23,463</u>		<u>23,463</u>	<u>24,107</u>		<u>24,107</u>
Total Expenses	<u>283,567</u>	<u>0</u>	<u>283,567</u>	<u>278,885</u>	<u>0</u>	<u>278,885</u>
Increase (decrease) in Net Assets	158,124	0	158,124	102,515	0	102,515
Net Assets, beginning of year	<u>415,074</u>	<u>0</u>	<u>415,074</u>	<u>312,559</u>	<u>0</u>	<u>312,559</u>
Net Assets, end of year	<u>\$ 573,198</u>	<u>\$ 0</u>	<u>\$ 573,198</u>	<u>\$ 415,074</u>	<u>\$ 0</u>	<u>\$ 415,074</u>

The accompanying notes are an integral part of these statements.

INTERFAITH OUTREACH HOME, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Years Ended December 31, 2018 and 2017

	2018				2017			
	Program Expense	Administrative Expense	Fundraising Expense	Total Expense	Program Expense	Administrative Expense	Fundraising Expense	Total Expense
Compensation and Benefits								
Salaries & related expenses	\$ 84,784	\$ 33,863	\$ 19,719	\$ 138,366	83,468	\$ 34,186	\$ 21,057	\$ 138,711
Retirement plan contributions	2,025	750	225	3,000	2,025	750	225	3,000
Payroll taxes	7,247	2,894	1,685	11,826	7,774	3,184	1,961	12,919
Total Compensation and benefits	94,056	37,507	21,629	153,192	93,267	38,120	23,243	154,630
Other Expense								
Legal and Accounting		6,504		6,504		6,500		6,500
Advertising and promotion	1,723		329	2,052	1,815			1,815
Conferences & meetings	180			180	40	213		253
Contract labor	1,046			1,046	1,290			1,290
Depreciation	17,360	1,929		19,289	17,083	1,898		18,981
Dues and subscriptions	2,510	288		2,798	839	91		930
Facilities expense	66,172	5,949		72,121	65,152	5,107		70,259
Information Technology	197	3,875		4,072	80	320		400
Insurance	8,107	2,942	607	11,656	1,127	8,340		9,467
Investment expenses		110		110		80		80
Miscellaneous	286	134		420	3,906	20		3,926
Office expense	2,252	1,989	898	5,139	3,948	962	635	5,545
Printing & publications	412	795		1,207	336	348	229	913
Taxes and Licenses	80			80		90		90
Telecommunications	2,927	774		3,701	3,078	728		3,806
Total other expenses	103,252	25,289	1,834	130,375	98,694	24,697	864	124,255
Total Functional expenses	\$ 197,308	\$ 62,796	\$ 23,463	\$ 283,567	\$ 191,961	\$ 62,817	\$ 24,107	\$ 278,885

The accompanying notes are an integral part of these statements.

INTERFAITH OUTREACH HOME, INC.  
STATEMENT OF CASH FLOWS  
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities	\$ 158,124	\$ 102,515
Increases(decrease) in net assets		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used) in operating activities:		
Depreciation expense	19,289	18,981
Non-cash contributions of fixed assets		0
Gain (loss) on sale of investments		-104
Net unrealized( gain)loss on investments	14,982	-2,910
(Increase) decrease in restricted cash		0
(Increase) decrease in :		
Pledges receivable		0
Accounts receivable	-15,836	865
Other assets		
Increase ( Decrease) in:		
Accounts payable	-975	1,582
Total Adjustments	17,460	18,414
Net cash provided by (used) in operating activities	175,584	120,929
Cash flows from investing activities		
Payments for the purchase of property and equipment	-3,079	0
Purchase of investments	-10,159	-19,479
Proceeds on sale of investments		3,104
Net cash provided by (used in ) investing activities	-13,238	-16,375
Net increase (decrease) in cash and cash equivalents	162,346	104,554
Cash and cash equivalents, beginning of the year	229,957	125,403
Cash and cash equivalents, end of the year	\$ 392,303	\$ 229,957

Interfaith Outreach Home, Inc.  
Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

This summary of significant policies of Interfaith Outreach Homes, Inc, (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistent applied in the preparation of these financial statements.

**NATURE OF ACTIVITIES**

The Organization is a nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The Organization provides transitional housing, counseling and other assistance to homeless families in Doraville, Georgia. The Organization is supported by contributions from individuals and foundations, grants from federal, state and local agencies and program fees paid by residents. Its operations began in 1992. The Organization is governed by a volunteer board of directors.

**BASIS OF ACCOUNTING AND PRESENTATION**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**FINANCIAL STATEMENT PRESENTATION**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less.

**INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

## Note 1 - Summary of Significant Accounting Policies continued

### PROPERTY AND EQUIPMENT

Property and equipment with a cost greater than \$1,000.00 are recorded at cost or at estimated fair value at the date of the gift. Minor additions and renewals are recorded as expenses in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using straight-line methods. Estimated useful lives are as follows:

Leasehold improvements	15 - 27.5 years
Furniture and equipment	5 - 7 years

### CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

### DONATED EQUIPMENT AND SERVICES

Donated furniture and equipment is recorded at estimated fair value at date of receipt. Such donations are reported as unrestricted revenue unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization did not receive any donated equipment or services during 2018 or 2017.

The Organization also provides a food pantry and school supplies for the residents. The items are donated to the Organization by churches and other groups. The value of these items are not material to the financial statements, but these items provide significant assistance in helping these families become self-sufficient.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, building maintenance, campaign solicitations and various committee assignments without compensation. During the years ended December 31, 2018 over 5,200 hours and in 2017 over 4,800 hours of services were contributed by volunteers. The financial statements do not reflect the value of these contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

## Note 1 - Summary of Significant Accounting Policies continued

### INCOME TAXES

The Organization is exempt from federal and state income tax under the provisions of Section 501 (c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2015, 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

### ADVERTISING COSTS

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

### USE OF ESTIMATES

The preparation of financial statements in conformity with 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.

### COMPENSATED ABSENCES

It is the Organization's policy to permit employees to accumulate earned but unused paid days off benefits. No liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All paid days off are accrued when incurred.

### FUNCTIONAL ALLOCATION OF EXPENSES

The cost of the Organization's programs and supporting services have been on a functional basis, requiring the allocation of certain costs based on estimates made by management.

## Note 2 – Investments

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all level 1 measurements).

The Organization's investments as of December 31, 2018, consisted of equity stocks and other securities as follows:

Investments Carried at Fair Value	<u>Fair Value</u>	<u>Cost</u>	<u>Gain (Loss)</u>
Cash	\$ 3,233	\$ 3,233	\$ 0
Mutual Funds	348,679	368,104	-19,425
Equities	<u>8,758</u>	<u>9,124</u>	<u>-366</u>
Total Investments	\$ <u>360,670</u>	\$ <u>380,461</u>	\$ <u>-19,791</u>

The Organization's investments as of December 31, 2017, consisted of equity stocks and other securities as follows:

Investments Carried at Fair Value	<u>Fair Value</u>	<u>Cost</u>	<u>Gain (Loss)</u>
Cash	\$ 381	\$ 381	\$ 0
Mutual Funds	165,067	170,090	-5,023
Equities	<u>7,216</u>	<u>7,114</u>	<u>102</u>
Total Investments	\$ <u>172,664</u>	\$ <u>177,585</u>	\$ <u>-4,921</u>

Investments are recorded on the statement of financial position as follows:

	<u>2018</u>	<u>2017</u>
Included in Cash and Cash Equivalents - Current	\$ 241,206	\$ 48,376
Investments - Non-current	<u>119,464</u>	<u>124,288</u>
Total Investments	\$ <u>360,670</u>	\$ <u>172,664</u>

The following schedule summarizes the investment return in the statement of activities:

	<u>2018</u>	<u>2017</u>
Interest	\$ 107	\$ 13
Dividends	4,371	9,632
Realized Gains (Losses)	6,622	-104
Unrealized Gains (Losses)	<u>-14,994</u>	<u>2,910</u>
Total Investment Income (Loss)	\$ <u>-3,894</u>	\$ <u>12,451</u>

Investment fees of \$110 and \$80 are included in administrative expenses on the Statement of Activities for the year ended December 31, 2018 and December 31, 2017.



### Note 3 – Property and Equipment

Property and equipment owned is summarized as follows:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 58,760	\$ 55,681
Furniture and Fixtures	19,895	19,895
Leasehold Improvements	441,617	441,617
Less: Accumulated Depreciation	<u>-470,348</u>	<u>-451,059</u>
	<u>\$ 49,924</u>	<u>\$ 66,134</u>

Depreciation expense was \$ 19,289 and \$18,981 for the year ended December 31, 2018 and 2017 respectively.

### Note 4 – Residents Savings Accounts

The Organization's Transitional Housing program requires the participants to set aside a designated amount each month to establish a pattern of saving and to provide an emergency fund when the participant graduates from the program. For participants who are unable to open a savings account at a local bank, the deposits are maintained by the Organization. For 2018 and 2017 the program held no accounts for residents.

### Note 5 – Temporarily Restricted Net Assets

The Organization had no temporarily restricted assets for 2018 and 2017.

### Note 6 – Net Assets Released from Restrictions

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes were as follows for the year ended December 31:

	<u>2018</u>	<u>2017</u>
Direct Family Support	\$ <u>0</u>	\$ <u>3,500</u>

#### Note 7 – Pension Plan

During the years ended December 31, 2017 and 2016, the Organization participated in an elective 403 (b) plan. Employees are eligible to participate in elective deferrals upon hire. The Organization will match up to a maximum of \$1,500.00 for those employees that have been employed by the Organization for at least one year. The Organization contributed \$3,000 and \$3,000 to the plan during the years ended December 31, 2018 and 2017 respectively.

#### Note 8 - Leases

The Organization lease the land on which its facilities are located under a twenty year land lease that expires in August 2030. The land lease may be terminated by either party with three years' notice. The rent is \$ 2,000.00 per month for the first four years of the land lease and then the rent increases by two percent per month on the lease anniversary each year for the remaining period of the land lease. Rent expense for the year ended December 31, 2018 and 2017 respectively is \$27,141 and \$25,629 respectively.

The minimum lease payments required under the above operating lease at December 31, 2017 is as follows:

2019	\$	26,675
2020		27,208
2021		27,752
2021		28,307
Thereafter		<u>236,618</u>
	\$	<u>346,560</u>

#### Note 9 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditure which may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

#### Note 10 – Restitution Payments

During the year ended December 31, 2015, the case against the former Executive Director who misappropriated approximately \$ 90,000.00 of the Organization's assets between 2007 - 2010 was settled. He pled guilty to felony theft by taking and was sentenced to pay \$70,000.00 in restitution over a ten-year period. Because the collectability of the restitution payments cannot be reasonably estimated, the Organization records income as payments are received. During the year ended December 31, 2018 and 2017 payments were received of \$22,205 and \$2,266 respectively which are included in miscellaneous income on the Statement of Activities.

#### Note 11 – Subsequent Events

Management has evaluated subsequent events through December 13, 2019, the date the financial statements were available to be issued.