



Interfaith
Outreach
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Interfaith Outreach Home, Inc.

(A Non-Profit Organization - Doraville, Georgia)

Audit Report

Year Ending December 31, 2020 and 2019



Metro ATL CPA, Inc.

Certified Public Accountant

Interfaith Outreach Home, Inc.
(A Non-Profit Organization – Doraville, Georgia)

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Metro ATL CPA, Inc.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Interfaith Outreach Home, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Interfaith Outreach Home, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Outreach Home, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the

aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Interfaith Outreach Home, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Outreach Home, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Metro ATL CPA, Inc." The signature is written in a cursive, flowing style.

Atlanta, Georgia
January 18, 2022

Interfaith Outreach Home, Inc.

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 374,401	\$ 406,466
Accounts Receivable (Net)	15,286	16,596
Loan Receivable	311,250	302,250
Other Current Assets		
Total Current Assets	<u>700,937</u>	<u>725,312</u>
Property and Equipment		
Property and Equipment	538,868	520,272
Accumulated Depreciation	<u>-487,803</u>	<u>-483,706</u>
Total Property and Equipment	<u>51,065</u>	<u>36,566</u>
Other Assets		
Investments	<u>246,100</u>	<u>6,127</u>
Total Other Assets	<u>246,100</u>	<u>6,127</u>
TOTAL ASSETS	<u><u>998,102</u></u>	<u><u>768,005</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	<u>60,667</u>	<u>17,093</u>
Total Liabilities	<u>60,667</u>	<u>17,093</u>
Equity		
Unrestricted Net Assets	937,435	750,912
Temporarily Restricted Net Assets	<u>0</u>	<u>0</u>
Total Net Assets	<u>937,435</u>	<u>750,912</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 998,102</u></u>	<u><u>\$ 768,005</u></u>

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support, revenue and reclassifications						
Contributions	\$ 368,002	\$ 0	\$ 368,002	\$ 276,780	\$ 0	\$ 276,780
Non-Governmental grants	128,646		128,646	106,550		106,550
Resident Fees	25,860		25,860	32,380		32,380
Investment Income	14,266		14,266	21,900		21,900
Miscellaneous	18,761		18,761	6,925		6,925
Special Events						
Income	3,067		3,067	40,250		40,250
Less Expenses	-500		-500	-1,551		-1,551
Total Public Support, Revenue and Reclassifications	<u>558,102</u>	<u>0</u>	<u>558,102</u>	<u>483,234</u>	<u>0</u>	<u>483,234</u>
Expense			0			0
Program Expenses	297,111	0	297,111	209,304	0	209,304
Administrative Expenses	58,933		58,933	78,072		78,072
Fundraising Expenses	15,535		15,535	18,144		18,144
Total Expenses	<u>371,579</u>	<u>0</u>	<u>371,579</u>	<u>305,520</u>	<u>0</u>	<u>305,520</u>
Increase (decrease) in Net Assets	186,523	0	186,523	177,714	0	177,714
Net Assets, beginning of year	<u>750,912</u>	<u>0</u>	<u>750,912</u>	<u>573,198</u>	<u>0</u>	<u>573,198</u>
Net Assets, end of year	<u>\$ 937,435</u>	<u>\$ 0</u>	<u>\$ 937,435</u>	<u>\$ 750,912</u>	<u>\$ 0</u>	<u>\$ 750,912</u>

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				2019			
	Program Expense	Administrative Expense	Fundraising Expense	Total Expense	Program Expense	Administrative Expense	Fundraising Expense	Total Expense
Compensation and Benefits								
Salaries & related expenses	\$ 99,698	\$ 27,089	\$ 12,249	\$ 139,036	90,270	29,752	14,951	\$ 134,973
Retirement plan contributions	2,025	750	225	3,000	2,775	750	225	3,750
Payroll taxes	7,156	2,858	1,665	11,679	7,043	2,813	1,638	11,494
Total Compensation and benefits	<u>108,879</u>	<u>30,697</u>	<u>14,139</u>	<u>153,715</u>	<u>100,088</u>	<u>33,315</u>	<u>16,814</u>	<u>150,217</u>
Other Expense								
Legal and Accounting		7,142		7,142		18,157		18,157
Advertising and promotion	897		136	1,033	1,371		109	1,480
Conferences & meetings				0		5		5
Contract labor	40			40	692			692
Depreciation	3,687	410		4,097	12,022	1,336		13,358
Dues and subscriptions	3,968	441		4,409	4,000	444		4,444
Facilities expense	167,119	6,380		173,499	73,528	4,654		78,182
Information Technology	5	96		101	41	813		854
Insurance	4,603	10,108	631	15,342	4,405	9,395	585	14,385
Investment expenses		80		80		110		110
Miscellaneous		44		44	4,502	237		4,739
Office expense	3,394	1,665	629	5,688	4,874	7,959	636	13,469
Printing & publications	333	788		1,121	319	756		1,075
Taxes and Licenses	80			80	80			80
Telecommunications	4,106	1,082		5,188	3,382	891		4,273
Total other expenses	<u>188,232</u>	<u>28,236</u>	<u>1,396</u>	<u>217,864</u>	<u>109,216</u>	<u>44,757</u>	<u>1,330</u>	<u>155,303</u>
Total Functional expenses	<u>\$ 297,111</u>	<u>\$ 58,933</u>	<u>\$ 15,535</u>	<u>\$ 371,579</u>	<u>\$ 209,304</u>	<u>\$ 78,072</u>	<u>\$ 18,144</u>	<u>\$ 305,520</u>

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities	\$ 186,523	\$ 177,714
Increases(decrease) in net assets		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used) in operating activities:		
Depreciation expense	4,097	13,358
Net unrealized(gain)loss on investments	3,781	93
(Increase) decrease in :		
Accounts receivable	1,310	-460
Loans receivable	-9,000	-302,250
Increase (Decrease) in:		
Accounts payable	43,574	12,464
 Total Adjustments	 43,762	 -276,795
 Net cash provided by (used) in operating activities	 230,285	 -99,081
 Cash flows from investing activities		
Payments for the purchase of property and equipment	-18,595	
Purchase of investments	-253,319	-20,728
Proceeds on sale of investments	9,564	133,972
 Net cash provided by (used in) investing activities	 -262,350	 113,244
 Net increase (decrease) in cash and cash equivalents	 -32,065	 14,163
Cash and cash equivalents, beginning of the year	406,466	392,303
 Cash and cash equivalents, end of the year	 \$ 374,401	 \$ 406,466

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 consistently 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, 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 is 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 2020 or 2019.

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, 2020 over 800 hours and in 2019 over 5,000 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 2017, 2018, 2019 and 2020 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, 2020, 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	\$ 10,485	\$ 10,485	\$ 0
Mutual Funds	246,100	244,538	1,562
Equities	<u>0</u>	<u>0</u>	<u>0</u>
Total Investments	\$ <u>256,585</u>	\$ <u>255,023</u>	\$ <u>1,562</u>

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	\$ 2,332	\$ 2,332	\$ 0
Mutual Funds	82,091	82,023	68
Equities	<u>2,008</u>	<u>2,169</u>	<u>-161</u>
Total Investments	\$ <u>86,431</u>	\$ <u>86,524</u>	\$ <u>-93</u>

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

	<u>2020</u>	<u>2019</u>
Included in Cash and Cash Equivalents - Current	\$ 10,485	\$ 80,304
Investments - Non-current	<u>246,100</u>	<u>6,127</u>
Total Investments	\$ <u>256,585</u>	\$ <u>86,431</u>

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

	<u>2020</u>	<u>2019</u>
Interest	\$ 3	\$ 11
Dividends	505	6,218
Realized Gains (Losses)	7,524	13,507
Unrealized Gains (Losses)	<u>-3,781</u>	<u>-86</u>
Total Investment Income (Loss)	\$ <u>4,251</u>	\$ <u>19,650</u>

Investment fees of \$80 and \$110 are included in administrative expenses on the Statement of Activities for the year ended December 31, 2020 and December 31, 2019.

Note 3 – Property and Equipment

Property and equipment owned is summarized as follows:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 58,760	\$ 58,760
Furniture and Fixtures	19,895	19,895
Leasehold Improvements	460,213	441,617
Less: Accumulated Depreciation	<u>-487,803</u>	<u>-483,706</u>
	<u>\$ 51,065</u>	<u>\$ 36,566</u>

Depreciation expense was \$ 4,097 and \$13,358 for the year ended December 31, 2020 and 2019 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 2020 and 2019 the program held no accounts for residents.

Note 5 – Temporarily Restricted Net Assets

The Organization had no temporarily restricted assets for 2020 and 2019.

Note 6 – Net Assets Released from Restrictions

The Organization had no net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes for 2020 or 2019.

Note 7 – Pension Plan

During the years ended December 31, 2020 and 2019, 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, 2020 and 2019 respectively.

Note 8 - Leases

The Organization lease of the land on which its facilities are located under a ten-year land lease that expires in September 2029. The land lease may be terminated by lessor after December 31, 2020, with six months' notice. The rent is \$1,000.00 per month. Rent expense for the year ended December 31, 2020 and 2019 is \$12,000 and \$3,000 respectively.

The minimum lease payments required under the above operating lease at December 31, 2020 is as follows:

2021	\$	12,000
2022		12,000
2023		12,000
2024		12,000
Thereafter		<u>57,000</u>
	\$	<u>105,000</u>

The Organization had previously entered into a lease of the land on which its facilities were located which was due to expire in August of 2030. During the prior year, the land lease was terminated due to the property being sold to a new owner. Rent expense under the terminated lease for the year ended December 31, 2019 was \$19,909.94.

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, 2020 and 2019 payments were received of \$10,050 and \$6,925 respectively which are included in miscellaneous income on the Statement of Activities.

Note 11 – Subsequent Events

Management has evaluated subsequent events through January 18, 2022, the date the financial statements were available to be issued.