



Interfaith Outreach Home, Inc.

(A Non-Profit Organization - Doraville, Georgia)

Audit Report

Year Ending December 31, 2021 and 2020



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
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, 2021 and December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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, 2021 and December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 audit. 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

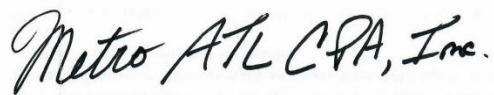
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgement 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.



Atlanta, Georgia
May 27, 2022

Interfaith Outreach Home, Inc.

Statements of Financial Position

December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|----------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 956,534 | \$ 374,401 |
| Accounts Receivable (Net) | 15,486 | 15,286 |
| Loan Receivable | 0 | 311,250 |
| Other Current Assets | | |
| Total Current Assets | <u>972,020</u> | <u>700,937</u> |
| Property and Equipment | | |
| Property and Equipment | 2,174,287 | 538,868 |
| Accumulated Depreciation | <u>-489,971</u> | <u>-487,803</u> |
| Total Property and Equipment | <u>1,684,316</u> | <u>51,065</u> |
| Other Assets | | |
| Investments | <u>277,257</u> | <u>246,100</u> |
| Total Other Assets | <u>277,257</u> | <u>246,100</u> |
| TOTAL ASSETS | <u><u>2,933,593</u></u> | <u><u>998,102</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable | <u>15,469</u> | <u>60,667</u> |
| Total Liabilities | <u>15,469</u> | <u>60,667</u> |
| Equity | | |
| Unrestricted Net Assets | 2,918,124 | 937,435 |
| Net Assets with Donor Restrictions | <u>0</u> | <u>0</u> |
| Total Net Assets | <u>2,918,124</u> | <u>937,435</u> |
| TOTAL LIABILITIES AND EQUITY | <u><u>\$ 2,933,593</u></u> | <u><u>\$ 998,102</u></u> |

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Activities
Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 | | |
|--|---------------------|---------------------------|---------------------|-------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Public support, revenue and reclassifications | | | | | | |
| Contributions | \$ 2,009,545 | \$ 0 | \$ 2,009,545 | \$ 368,002 | \$ 0 | \$ 368,002 |
| Non-Governmental grants | 193,927 | | 193,927 | 128,646 | | 128,646 |
| Resident Fees | 18,830 | | 18,830 | 25,860 | | 25,860 |
| Investment Income | 19,775 | | 19,775 | 14,266 | | 14,266 |
| Insurance Recovery | 202,033 | | 202,033 | | | 0 |
| Miscellaneous | 9,367 | | 9,367 | 18,761 | | 18,761 |
| Special Events | | | | | | |
| Income | | | 0 | 3,067 | | 3,067 |
| Less Expenses | | | 0 | -500 | | -500 |
| Total Public Support, Revenue and Reclassifications | <u>2,453,477</u> | <u>0</u> | <u>2,453,477</u> | <u>558,102</u> | <u>0</u> | <u>558,102</u> |
| Expense | | | 0 | | | 0 |
| Program Expenses | 368,286 | 0 | 368,286 | 297,111 | 0 | 297,111 |
| Administrative Expenses | 61,282 | | 61,282 | 58,933 | | 58,933 |
| Fundraising Expenses | <u>43,220</u> | | <u>43,220</u> | <u>15,535</u> | | <u>15,535</u> |
| Total Expenses | <u>472,788</u> | <u>0</u> | <u>472,788</u> | <u>371,579</u> | <u>0</u> | <u>371,579</u> |
| Increase (decrease) in Net Assets | 1,980,689 | 0 | 1,980,689 | 186,523 | 0 | 186,523 |
| Net Assets, beginning of year | <u>937,435</u> | <u>0</u> | <u>937,435</u> | <u>750,912</u> | <u>0</u> | <u>750,912</u> |
| Net Assets, end of year | <u>\$ 2,918,124</u> | <u>\$ 0</u> | <u>\$ 2,918,124</u> | <u>\$ 937,435</u> | <u>\$ 0</u> | <u>\$ 937,435</u> |

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Functional Expenses
Years Ended December 31, 2021 and 2020

| | 2021 | | | | 2020 | | | |
|---------------------------------|--------------------|---------------------------|------------------------|-------------------|--------------------|---------------------------|------------------------|-------------------|
| | Program Expense | Administrative Expense | Fundraising Expense | Total Expense | Program Expense | Administrative Expense | Fundraising Expense | Total Expense |
| Compensation and Benefits | | | | | | | | |
| Salaries & related expenses | \$ 108,045 | \$ 28,229 | \$ 12,815 | \$ 149,089 | \$ 99,698 | \$ 27,089 | \$ 12,249 | \$ 139,036 |
| Retirement plan contributions | 2,025 | 750 | 225 | 3,000 | 2,025 | 750 | 225 | 3,000 |
| Other Employee Benefits | | 350 | | 350 | | | | |
| Payroll taxes | 7,710 | 3,079 | 1,793 | 12,582 | 7,156 | 2,858 | 1,665 | 11,679 |
| Total Compensation and benefits | <u>117,780</u> | <u>32,408</u> | <u>14,833</u> | <u>165,021</u> | <u>108,879</u> | <u>30,697</u> | <u>14,139</u> | <u>153,715</u> |
| Other Expense | | | | | | | | |
| Legal and Accounting | | 1,000 | 27,384 | 28,384 | | 7,142 | | 7,142 |
| Advertising and promotion | 225 | | 71 | 296 | 897 | | 136 | 1,033 |
| Contract labor | | | | 0 | 40 | | | 40 |
| Depreciation | 1,951 | 217 | | 2,168 | 3,687 | 410 | | 4,097 |
| Dues and subscriptions | 4,315 | 479 | | 4,794 | 3,968 | 441 | | 4,409 |
| Facilities expense | 231,412 | 3,254 | | 234,666 | 167,119 | 6,380 | | 173,499 |
| Information Technology | 31 | 582 | | 613 | 5 | 96 | | 101 |
| Insurance | 4,016 | 13,557 | 286 | 17,859 | 4,603 | 10,108 | 631 | 15,342 |
| Investment expenses | | 4,009 | | 4,009 | | 80 | | 80 |
| Miscellaneous | | 2,015 | | 2,015 | | 44 | | 44 |
| Office expense | 3,638 | 2,015 | 646 | 6,299 | 3,394 | 1,665 | 629 | 5,688 |
| Printing & publications | 187 | 443 | | 630 | 333 | 788 | | 1,121 |
| Taxes and Licenses | | 80 | | 80 | 80 | | | 80 |
| Telecommunications | 4,731 | 1,223 | | 5,954 | 4,106 | 1,082 | | 5,188 |
| Total other expenses | <u>250,506</u> | <u>28,874</u> | <u>28,387</u> | <u>307,767</u> | <u>188,232</u> | <u>28,236</u> | <u>1,396</u> | <u>217,864</u> |
| Total Functional expenses | <u>\$ 368,286</u> | <u>\$ 61,282</u> | <u>\$ 43,220</u> | <u>\$ 472,788</u> | <u>\$ 297,111</u> | <u>\$ 58,933</u> | <u>\$ 15,535</u> | <u>\$ 371,579</u> |

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Cash Flows
Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities | \$ 1,980,689 | \$ 186,523 |
| Increases(decrease) in net assets | | |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used) in operating activities: | | |
| Depreciation expense | 2,168 | 4,097 |
| Net unrealized(gain)loss on investments | -10,339 | 3,781 |
| (Increase) decrease in : | | |
| Accounts receivable | -200 | 1,310 |
| Loans receivable | 311,250 | -9,000 |
| Increase (Decrease) in: | | |
| Accounts payable | -45,198 | 43,574 |
| | <u>257,681</u> | <u>43,762</u> |
| Total Adjustments | <u>257,681</u> | <u>43,762</u> |
| Net cash provided by (used) in operating activities | <u>2,238,370</u> | <u>230,285</u> |
| Cash flows from investing activities | | |
| Payments for the purchase of property and equipment | -1,635,419 | -18,595 |
| Purchase of investments | -74,184 | -253,319 |
| Proceeds on sale of investments | 53,366 | 9,564 |
| | <u>-1,656,237</u> | <u>-262,350</u> |
| Net cash provided by (used in) investing activities | <u>-1,656,237</u> | <u>-262,350</u> |
| Net increase (decrease) in cash and cash equivalents | 582,133 | -32,065 |
| Cash and cash equivalents, beginning of the year | <u>374,401</u> | <u>406,466</u> |
| Cash and cash equivalents, end of the year | <u>\$ 956,534</u> | <u>\$ 374,401</u> |

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, 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 two classes of net assets: unrestricted, and with donor restrictions. 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 2021 or 2020.

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, 2021 over 800 hours and in 2020 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 2018, 2019, 2020 and 2021 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, 2021, 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 | \$ 6,378 | \$ 6,378 | \$ 0 |
| Mutual Funds | 277,257 | 265,843 | 11,414 |
| Equities | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Investments | \$ <u>283,635</u> | \$ <u>272,221</u> | \$ <u>11,414</u> |

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> |

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

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| Included in Cash and Cash Equivalents - Current | \$ 6,378 | \$ 10,485 |
| Investments - Non-current | <u>277,257</u> | <u>246,100</u> |
| Total Investments | \$ <u>283,635</u> | \$ <u>256,585</u> |

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

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|------------------|-----------------|
| Interest | \$ 1 | \$ 3 |
| Dividends | 4,951 | 505 |
| Realized Gains (Losses) | 4,484 | 7,524 |
| Unrealized Gains (Losses) | <u>10,339</u> | <u>-3,781</u> |
| Total Investment Income (Loss) | \$ <u>19,775</u> | \$ <u>4,251</u> |

Investment fees of \$4,009 and \$80 are included in administrative expenses on the Statement of Activities for the year ended December 31, 2021 and December 31, 2020.

Note 3 – Property and Equipment

Property and equipment owned is summarized as follows:

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|---------------------|------------------|
| Land | \$ 1,608,574 | |
| Equipment | 58,760 | \$ 58,760 |
| Furniture and Fixtures | 19,895 | 19,895 |
| Building and Building Improvements | 487,058 | 460,213 |
| Less: Accumulated Depreciation | <u>-489,971</u> | <u>-487,803</u> |
| | <u>\$ 1,684,316</u> | <u>\$ 51,065</u> |

Depreciation expense was \$2,168 and \$4,097 for the year ended December 31, 2021 and 2020 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 2021 and 2020 the program held no accounts for residents.

Note 5 – Net Assets with Donor Restrictions

The Organization had no assets with donor restrictions for 2021 or 2020.

Note 6 – Net Assets Released from Restrictions

The Organization had no net assets released from donor restrictions by incurring expenses satisfying the restricted purposes for 2021 or 2020.

Note 7 – Pension Plan

During the years ended December 31, 2021 and 2020, 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, 2021 and 2020 respectively.

Note 8 - Leases

The Organization had previously leased the land on which its facilities are located under a ten-year land lease that expires in September 2029. The land lease was terminated and the land was transferred to the Organization on March 31, 2021 by the lessor. The land was valued at market value based on the property tax assessment. A contribution was recorded for the value of the transfer.

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, 2021 and 2020 payments were received of \$7,700 and \$10,050 respectively which are included in miscellaneous income on the Statement of Activities.

Note 11 – Subsequent Events

Management has evaluated subsequent events through May 27, 2022, the date the financial statements were available to be issued.