

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

Financial Statements with Independent Auditor's Report

Year ending December 31, 2017 and 2016

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

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Hostetter & Cowan LLC

Certified Public Accountants

INTERFAITH OUTREACH HOME, INC.
(A Non Profit Organization – Doraville, Georgia)

INDEPENDENT AUDITOR'S REPORT

October 05, 2018

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

We have audited the accompanying financial statements of Interfaith Outreach Ministries Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended.

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 accounting principles 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 misstatements.

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 Homes, Inc. as of December 31, 2016 and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Interfaith Outreach Home, INC
 Statements of Financial Position
 December 31, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash And cash equivalents	\$ 229,957	\$ 125,403
Other current assets	300	1,165
Tota Total current assets	230,257	126,568
Property and equipment		
Property and equipment	517,193	517,193
Accumulated depreciation	(451,059)	(432,078)
Total property and equipment	66,134	85,115
Other assets		
Investments	124,287	104,899
Total other assets	124,287	104,899
TOTAL ASSETS	\$ 420,678	\$ 316,582
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,604	\$ 4,023
Total Liabilities	5,604	4,023
Equity		
Unrestricted net assets	415,074	312,559
Temporarily restricted net assets	-	-
Total net assets	415,074	312,559
TOTAL LIABILITIES AND EQUITY	\$ 420,678	\$ 316,582

INTERFAITH OUTREACH HOME, INC.
STATEMENT OF ACTIVITIES
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support, revenue and reclassifications						
Contributions	\$ 246,501	\$ -	\$ 246,501	\$ 153,330		\$ 153,330
Non-Governmental grants	65,160		65,160	48,200		48,200
Resident fees	24,134		24,134	19,447		19,447
In-kind contributions	-		-	4,263		4,263
Investment income	12,451		12,451	4,446		4,446
Miscellaneous	2,266		2,266	1,680		1,680
Special events			-			
Income	35,655		35,655	7,520		7,520
Less expenses	(4,767)		(4,767)	(4,674)		(4,674)
Net assets released from restriction	-	-	-	3,801	(3,801)	-
Total public support, revenue and reclassifications	381,400	-	381,400	238,013	(3,801)	234,212
Expense			-			-
Program expenses	191,961	-	191,961	158,362	-	158,362
Administrative expenses	62,817	-	62,817	61,111	-	61,111
Fund raising expenses	24,107	-	24,107	25,603	-	25,603
Total Expenses	278,885	-	278,885	245,076	-	245,076
Increase (decrease) in Net Assets	102,515	-	102,515	(7,063)	(3,801)	(10,864)
Net Assets, beginning of year	312,559	-	312,559	319,622	3,801	323,423
Net assets, end of year	\$ 415,074	\$ -	\$ 415,074	\$ 312,559	\$ -	\$ 312,559

the accompanying notes are an integral part of these financial statements

INTERFAITH OUTREACH HOME, INC.
STATEMENT of FUNCTIONAL EXPENSES
Years Ended December 31, 2017 and 2016

	2017				2016			
	Program Expense	Administrative Expense	Fundraising Expense	Total Expense	Program Expense	Administrative Expense	Fundraising Expense	Total Expense
Compensation and Benefits								
Salaries & related expenses	\$ 83,468	\$ 34,186	\$ 21,057	\$ 138,711	\$ 55,738	\$ 32,512	\$ 20,000	\$ 108,250
Retirement plan contributions	2,025	750	225	3,000	792	122	305	1,219
Other employee benefits	-	-	-	-	3,151	1,172	1,137	5,460
Payroll taxes	7,774	3,184	1,961	12,919	5,358	3,126	1,923	10,407
Total Compensation and benefits	93,267	38,120	23,243	154,630	65,039	36,932	23,365	125,336
Other expense								
Accounting and auditing fees	-	6,500	-	6,500	-	8,850	-	8,850
Advertising and promotion	1,815	-	-	1,815	-	90	45	135
Conferences & meetings	40	213	-	253	-	941	-	941
Contract labor	1,290	-	-	1,290	922	224	-	1,146
Depreciation	17,083	1,898	-	18,981	17,321	1,924	-	19,245
Dues and subscriptions	839	91	-	930	\$ 250	-	-	250
Facilities expense	65,152	5,107	-	70,259	60,243	3,756	-	63,999
Information Technology	80	320	-	400	633	113	186	932
Insurance	1,127	8,340	-	9,467	9,185	2,296	-	11,481
Investment expenses	-	80	-	80	-	80	-	80
Miscellaneous	3,906	20	-	3,926	954	754	-	1,708
Office expense	3,948	962	635	5,545	2,385	1,562	1,198	5,145
Printing & publications	336	348	229	913	813	355	398	1,566
Taxes and Licenses	-	90	-	90	-	100	-	100
Telecommunications	3,078	728	-	3,806	617	3,134	411	4,162
Total other expenses	98,694	24,697	865	124,255	93,323	24,179	2,238	119,740
Total Functional expenses	\$ 191,961	\$ 62,817	\$ 24,107	\$ 278,885	\$ 158,362	\$ 61,111	\$ 25,603	\$ 245,076

The accompanying notes are an integral part of these financial statements

INTERFAITH OUTREACH HOME, INC.
STATEMENT OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities	\$ 102,515	\$ (10,864)
Increases(decrease) in net assets		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used) in operating activities:		
Depreciation expense	18,981	19,245
Non-cash contributions of fixed assets	-	-
Gain (loss) on sale of investments	(104)	97
Net unrealized(gain)loss on investments	(2,910)	(1,736)
(Increase) decrease in restricted cash	-	-
(Increase) decrease in :		
Other assets	865	(44)
Increase (Decrease) in:		
Accounts payable	682	2,905
Residents's savings accounts	900	-
	18,414	20,467
Total Adjustments		
Net cash provided by (used) in operating activities	120,929	9,603
Cash flows from investing activities		
Payments for the purchase of propert and equipment	-	(15,072)
Purchase of investments	(19,479)	(4,579)
Proceeds on sale of investments	3,104	1,776
	(16,375)	(17,875)
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalentents	104,554	(8,272)
Cash and cash equivalentents,, beginning of the year	125,403	133,675
	\$ 229,957	\$ 125,403
Cash and cash equivalentents, end of the year		

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 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.

Interfaith Outreach Home, Inc.
Notes to the Financial Statements

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 value of non-cash contributions included in contributions on the financial statements are as follows for the year ended December 31, 2017 and 2016.

	2017	2016
Donated Assets	0	\$ 4,263
Total non cash assets	0	\$ 4,263

Interfaith Outreach Home, Inc.
Notes to the Financial Statements

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, 2017 over 4,800 hours and in 2016 over 4,000 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.

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 and 2017 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 assumption 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.

Interfaith Outreach Home, Inc.
Notes to the Financial Statements

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, 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	\$ -
Mutual funds	165,067	170,090	(5,023)
Equities	7,216	7,114	102
Total investments	<u>\$ 172,664</u>	<u>\$ 177,585</u>	<u>\$ (4,921)</u>

The Organization's investments as of December 31, 2016, consisted of equity stocks and other securities as follows:

Investments carried at fair value	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Cash	\$ 48,241	\$ 48,241	\$ -
Mutual funds	104,899	112,793	(7,892)
Total investments	<u>\$ 153,140</u>	<u>\$ 116,032</u>	<u>(7,892)</u>

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

	<u>2017</u>	<u>2016</u>
Included in Cash & Cash Equivalents - current	\$ 48,376	\$ 48,241
Investments - non-current	<u>124,288</u>	<u>104,899</u>
Total Investments	<u>\$ 172,664</u>	<u>\$ 153,140</u>

Interfaith Outreach Home, Inc.
Notes to the Financial Statements

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

	<u>2017</u>	<u>2016</u>
Interest	\$ 13	\$ 4
Dividends	9,632	2,803
Realized Gains (Losses)	(104)	(97)
Unrealized Gains (Losses)	<u>2,910</u>	<u>1,736</u>
Total Investment Income (Loss)	<u>\$ 12,451</u>	<u>\$ 4,446</u>

Investment fees of \$ 80 are included in administrative expenses on the Statement of Activities for the year ended December 31, 2017 and December 31, 2016

Note 3 – Property and Equipment

Property and equipment owned is summarized as follows:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 71,950	\$ 71,950
Furniture and Fixtures	16,221	16,221
Leasehold Improvements	429,022	429,022
Less Accumulated Depreciation:	<u>(451,059)</u>	<u>(432,078)</u>
	<u>\$ 66,134</u>	<u>\$ 85,115</u>

Depreciation expense was \$ 18,981 and \$19,039 for the year ended December 31, 2017 and 2016 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 2017 and 2016 the program held no accounts for residents

Interfaith Outreach Home, Inc.
Notes to the Financial Statements

Note 5 – Temporarily Restricted Net Assets

The organization had no temporarily restricted assets for 2017 and 2016

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

	2017	2016
After School Program	\$ 0	\$ 2,425
Rent and essential services	0	750
Direct family support	3500	0
Building maintenance		500
Total	\$ 3,500	\$ 3,675

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 \$ 1,219 to the plan during the years ended December 31, 2017 and 2016 respectively.

Interfaith Outreach Home, Inc.
Notes to the Financial Statements

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, 2017 and 2016 respectively is \$25,629 and 26,013 respectively.

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

2018	26,152
2019	26,675
2020	27,208
2021	27,752
Thereafter	<u>264,927</u>
Total	<u>\$ 372,714</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 estimate, the Organization records income as payments are received. During the year ended December 31, 2017 and 2016 payments were received of \$ 2,266 and 1,680 respectively were received which is included in miscellaneous income on the Statement of Activities.

Note 11 – Subsequent Events

Management has evaluated subsequent events through October 18, 2017, the date the financial statements were available to be issued.